

PUBLIC DISCLOSURE

September 15, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Eastern Bank

32773

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Boston, Massachusetts 02110

**Division of Banks
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Boston, MA 02110**

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NOTE:	This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Federal Deposit Insurance Corporation (“FDIC”) and the Massachusetts Division of Banks (“Division”) to use their authority when examining financial institutions subject to their supervision, to assess the institution’s record of meeting the credit needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area(s).

*This document is an evaluation of the CRA performance of **Eastern Bank (or the “Bank”)** prepared by the Division and the FDIC, the institution's supervisory agencies, as of **September 15, 2014**. The agencies evaluate performance in assessment area(s), as they are delineated by the institution, rather than individual branches. The assessment area(s) evaluation may include visits to some, but not necessarily all of the institution's branches. The FDIC and Division rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and in Appendix A to 12 CFR Part 345.*

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

LENDING TEST

The institution's Lending Test performance is rated "High Satisfactory."

- Overall, the Bank's home mortgage, small business, and indirect automobile (auto) lending reflects good responsiveness to assessment area credit needs considering the size of the institution, loan portfolio composition, and high level of competition within the Bank's designated assessment area. Within the evaluation period (full years 2012, 2013, and partial year 2014) the Bank originated 87.5 percent of home mortgage loans, 94.7 percent of small business loans, and 54.3 percent of indirect auto loans within the overall assessment area. More weight was assigned to home mortgage and small business lending as these are the Bank's primary lending focus.
- Overall, the Bank originated a high percentage of home mortgage, small business, and indirect auto loans within the assessment area. The Bank originated approximately 88 percent of its home mortgage loans in the area, as well as approximately 95 percent of its small business loans. Overall, 62 percent of the Bank's total loans and 77 percent of the dollar volume were originated inside the assessment area.
- Geographic distribution of home mortgage, small business, and indirect auto loans reflects a good dispersion throughout the assessment area.
- Overall the Bank exhibited good penetration to borrowers of different incomes and businesses of different sizes, given the product lines offered. The distribution of the Bank's home mortgage and indirect auto loans reflected good penetration to low- and moderate-income borrowers, while the distribution of small business loans reflected adequate penetration to the area's small businesses.
- The Bank exhibited a good record of serving the credit needs of the most economically disadvantaged areas, low-income individuals, and small businesses within its assessment area.
- The Bank is a leader in making community development loans. During the evaluation period the Bank originated or renewed 251 qualified community development loans totaling approximately \$329 million. This performance is an increase from the last evaluation, when the Bank reported \$68 million.
- The Bank made extensive use of innovative and flexible credit products to help serve creditworthy individuals and business owners that may not otherwise be able to obtain credit. The programs offered by the Bank demonstrate a commitment to helping provide sustainable homeownership options to low- and moderate-income borrowers, with emphasis on those residing within the Bank's assessment area. The Bank also exhibited a commitment to meeting the credit needs of small businesses by providing loans guaranteed by the Small Business Administration (SBA).

INVESTMENT TEST

The Investment Test is rated “Outstanding” based on the following:

- The Bank has an excellent level of qualified community development investments and grants made through extensive use of innovative and complex investments not routinely provided by other investors.
- During the evaluation period, the Bank’s made an excellent level of qualified equity investments and charitable contributions totaling almost \$96 million. Qualified equity investments totaled \$85.8 million and qualified donations totaled \$10.2 million. The level of current investments significantly exceeded the investment level at the prior CRA evaluation.
- The Bank displayed excellent responsiveness to the community development needs of its assessment area, through both qualified donations and equity investments. The Bank’s investments benefitted the entire assessment area and addressed many needs, including affordable housing.

SERVICES TEST

The Bank’s Service Test performance is rated “Outstanding.”

- Delivery systems are readily accessible to essentially all portions of the assessment area.
- To the extent changes have been made, the Bank’s record of opening and closing branch offices improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The Bank operates 95 full service branches throughout the assessment area and offers an array of products to meet the needs of its customers. Delivery systems, such as online banking, mobile banking and Eastern Bank’s telephone customer service center, are readily accessible to all portions of the assessment area. The Bank maintains 21.0 percent of its branches in low- and moderate-income tracts and 21.6 percent of its ATMs in low- and moderate-income tracts.
- Services, including business hours, are tailored in a way that would not inconvenience the needs of the assessment area, particularly the low- and moderate-income geographies and individuals.
- The Bank is a leader in providing community development services. Bank officers and staff members provided their financial expertise to help address community needs through their involvement in various community organizations.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

Eastern Bank			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Satisfactory**			
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

**Note: FDIC rules and regulations stipulate use of a high satisfactory and low satisfactory rating for the three tests. For purposes of this jointly issued public evaluation, the term “satisfactory” will be used in lieu of the “low satisfactory” rating for the lending, investment, and service test ratings

PERFORMANCE CONTEXT

Description of Institution

Eastern Bank is a state-chartered savings bank, headquartered in Boston, Suffolk County, Massachusetts. Eastern Bank is a wholly-owned subsidiary of Eastern Bank Corporation, Inc., a mutual bank holding company. The Bank maintains the following subsidiaries: Eastern Insurance Group, LLC, Market Street Securities Corporation, and Broadway Securities Corporation. The Bank acquired The Community Bank, Brockton, Massachusetts in November 2012 and with Wainright Bank, Boston, Massachusetts in March 2011. In addition to the main office located at 265 Franklin Street, Boston, Massachusetts, the Bank operates 94 branch offices in Barnstable, Norfolk, Plymouth, Suffolk, Essex, Middlesex, and Bristol counties. Additionally, during the evaluation period the Bank maintained three loan production offices - one each in Westerly, Rhode Island; New Bedford, Massachusetts (which is closing on or before October 31, 2014); and New York City, New York. Eastern Bank also maintains an operations center, known as One Eastern Place, at 195 Market Street in Lynn, Massachusetts.

The Bank operates 10 offices in low-income census tracts; 10 offices in moderate-income census tracts; 48 offices in middle-income census tracts; and 27 offices in upper-income census tracts. The low-income branches are located in Boston, Cambridge, Chelsea, Lawrence, Lowell (2), Lynn, Salem (2), and Quincy. The moderate-income branches are located in Boston, Brockton, Cambridge, Hyannis, Lynn, Malden, Medford, Peabody, Stoughton, and Watertown.

Since the last evaluation the Bank opened six new branch locations: Lawrence, Bridgewater, Brockton (2), Lakeville, and Sandwich. Also the Marston Mills branch was relocated from Falmouth Road to Old Post Road in Marston Mills. Six branches have been closed due to demographic overlap. The branches were located in Peabody, South Yarmouth, Brockton, Lakeville, Middleboro, and Wilmington. One offsite ATM, located at Johnnie's Foodmaster in Melrose was closed because the grocery store chain closed all its stores. Please refer to the Service Test for additional information.

Table 1 illustrates the current distribution of Eastern Bank's branches by income level of the census tract, compared to the distribution of assessment area census tracts by income level. Comparisons are also provided relative to the percentage of households by income level of the tracts. The branch dispersion reflects 87 branches located in the Boston-Cambridge-Quincy, MA-NH MSA/CBSA #14480, 7 branches located in the Barnstable, MA MSA #12700, and 1 branch located in the Providence-New Bedford-Fall River, RI-MA MSA #39300 portion of the assessment area.

Table 1 – Distribution of Branch Offices by Income Category					
Census Tract Income Category	Census Tracts in Assessment Area		Households	Bank Offices by Tract Location	
	#	%		#	%
Low	102	10.9	8.5	10	10.5
Moderate	189	20.3	19.8	10	10.5
Middle	367	39.4	43.6	48	50.5
Upper	260	27.9	28.1	27	28.5
N/A	14	1.5	0.0	0	0.0
Total	932	100.0	100.0	95	100.0

Source: U.S. Census Bureau and Bank Records

Eastern Bank is a full-service financial institution that offers its retail customers a wide array of financial services. In terms of deposit services, customers have the option of choosing from a variety of savings, checking, and retirement accounts. Wealth management, investment products, and trust services are available through Eastern Bank Wealth Management, a division of Eastern Bank. Insurance products are available through Eastern Insurance Group, LLC a wholly owned subsidiary of Eastern Bank. In terms of credit services, the Bank extends an assortment of secured and unsecured consumer loan products, inclusive of home equity lines of credit; home equity loans; overdraft protection; personal loans; automobile loans; home improvement loans; a Visa credit card, and debit Mastercard. Additionally, Eastern Bank offers a wide variety of home mortgage programs such as conventional loan products for the purchase, refinance, improvement, or construction of residential property. The Bank continues to participate in state and federally-guaranteed programs geared to low- and moderate-income residents. The preceding list of products and services is not intended to be all-inclusive.

Eastern Bank also offers a diverse selection of deposit, loan, and special services geared toward its commercial, municipal, and non-profit customers. A variety of checking and savings account services is available. Investment, trust, insurance, and brokerage services are available to business customers. Financing for business and commercial customers includes, but is not limited to, short-term working capital lines of credit; term loans and revolving equipment lines of credit; commercial real estate loans; government guaranteed loans; letters of credit; construction and development loans; and tax-exempt financing. The Bank also offers a business Visa credit card and debit MasterCard. The Bank provides standard cash management (including on-line services) and other specialized conveniences such as payroll services, wire transfers, online bill-pay, cash management, international services, and remote deposit capture.

Eastern Bank had total assets of \$8.8 billion as of June 30, 2014. Assets increased approximately \$1.3 billion, or 17.4 percent, since March 31, 2011. Asset growth was driven primarily by increases in the loan portfolio over the current review period. As of March 31, 2011, net loans totaled \$3.9 billion and represented 52.0 percent of total assets. Currently, net loans total \$5.6 billion and represents 64.0 percent of total assets. Net loans increased \$1.7 billion, or 44.4 percent, since March 31, 2011. Table 2 illustrates the current distribution of the Bank's loan portfolio.

Table 2 - Loan Distribution as of June 30, 2014		
	Dollar Amount \$('000s)	Percent of Total Loans (%)
Construction and Land Development	243,356	4.3
1-4 Family Residential	1,643,788	29.2
Multi-Family (5 or more) Residential	326,895	5.8
Commercial	1,641,455	29.1
Total Real Estate Loans	3,855,494	68.4
Commercial and Industrial	802,940	14.3
Consumer	791,907	14.1
Obligations of States & Political Divisions in U.S.	136,145	2.4
Other/Lease Financing Receivables	49,219	0.9
Less unearned income	(2,280)	(0.1)
Total Net Loans	5,633,425	100.0

Source: Report of Condition

As depicted in Table 2, the Bank is primarily a real estate lender with approximately 68.4 percent of the loan portfolio secured by residential and commercial real estate. The remainder of the

portfolio consists of commercial and industrial obligations, consumer, and other type loans. Commercial and industrial loans are unsecured, or secured by assets other than real estate. The consumer loan portfolio is primarily made-up of indirect automobile loans, as \$731 million, or 92.4 percent, of the consumer loans are indirect automobile loans.

The Bank also sells mortgage loans in the secondary market. Since June 20, 2011, the Bank sold 2,447 residential loans totaling approximately \$593 million. Selling loans in the secondary market allows the Bank to manage interest risk and originate a larger volume of loans than would otherwise be possible.

On November 30, 2012 Eastern Bank acquired The Community Bank, headquartered in Brockton. In the merger Eastern Bank acquired \$213 million in loans and \$260 million in deposits.

Eastern Bank's average net loan-to-deposit (LTD) ratio for the preceding 13 quarters (June 30, 2011, to June 30, 2014) was 67.0 percent. The ratio experienced narrow fluctuations, with a low of 61.2 percent on September 30, 2011, and a high of 77.2 percent on June 30, 2014. Performance with respect to the LTD ratio for a Large Bank CRA analysis is not rated; however, Eastern Bank consistently displayed an adequate loan funding level, primarily through deposit growth.

Eastern Bank operates in an extremely competitive lending market, considering that its delineated assessment area includes Boston and the majority of eastern Massachusetts. There are numerous financial institutions headquartered within the Bank's assessment area. Competition includes loan production offices, banks, mortgage companies, credit unions, and other entities seeking home mortgage and small business loans in this market. Additionally, larger regional and national banks such as Citibank, N.A.; Citizens Bank N.A.; Bank of America, N.A.; and TD BankNorth, N.A. have a presence within the Bank's assessment area and contribute to the high level of competition for banking customers.

CRA procedures require review and comparison to any similarly situated institutions (in terms of size, financial condition, product offerings, and business strategy) that serve the same or similar assessment area(s). Eastern Bank competes with many local, regional, and national financial institutions for loans and deposits. Within Eastern Bank's delineated assessment area, there is only one institution that is similar in terms of asset size, business focus, and branch structure; that is Rockland Trust Company headquartered in Rockland, Massachusetts. The most recent Public Evaluation available for Rockland Trust Company is dated February 10, 2014; thus comparisons will be made throughout this evaluation, when appropriate.

In 2012, 657 lenders reported 274,643 home mortgage loans totaling \$81.6 billion within the Bank's assessment area. Also in 2012, 142 lenders reported 101,603 small business loans totaling \$3.4 billion in the assessment area. Additionally, there are numerous financial institutions that are not required to report their lending activity, thus that lending activity is not reflected in the numbers above.

The Bank received a CRA rating of "Outstanding" at the previous CRA evaluation conducted jointly by FDIC and the Division, dated June 20, 2011. The preceding rating is indicative of a bank with an outstanding record of meeting the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The Bank was evaluated utilizing Large Bank procedures. There are no significant

financial or legal impediments that would limit Eastern Bank's ability to help meet the credit needs of its assessment area.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The assessment area as currently defined meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions, (2) includes the geographies where the bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

Geographies

The Bank defined its assessment area to include 140 cities and towns encompassing much of eastern Massachusetts. The following are the communities comprising the Bank's assessment area by Metropolitan Statistical Area (MSA) and county.

- **Barnstable-Yarmouth MA MSA: *Barnstable County, MA*** – Barnstable, Bourne, Falmouth, Mashpee, Sandwich, and Yarmouth.
- **Boston-Cambridge-Quincy, MA-NH MSA, includes three Metropolitan Districts (MDs) – the Boston-Quincy MD, the Cambridge-Newton-Framingham MD, and the Peabody, MA MD: *Norfolk County, MA*** – Avon, Braintree, Brookline, Canton, Cohasset, Dedham, Dover, Foxborough, Holbrook, Milton, Needham, Norwood, Quincy, Randolph, Sharon, Stoughton, Walpole, Wellesley, Westwood, Weymouth; ***Plymouth County, MA*** – Abington, Bridgewater, Brockton, Carver, Duxbury, East Bridgewater, Halifax, Hanover, Hanson, Hingham, Hull, Kingston, Lakeville, Marion, Marshfield, Mattapoisett, Middleborough, Norwell, Pembroke, Plymouth, Plympton, Rochester, Rockland, Scituate, Wareham, West Bridgewater, and Whitman; ***Suffolk County, MA*** – Boston, Chelsea, Revere, Winthrop; ***Essex County, MA*** – Amesbury, Andover, Beverly, Boxford, Danvers, Essex, Haverhill, Georgetown, Gloucester, Groveland, Hamilton, Ipswich, Lawrence, Lynn, Lynnfield, Manchester, Marblehead, Merrimack, Methuen, Middleton, Nahant, Newbury, Newburyport, North Andover, Peabody, Rockport, Rowley, Salem, Salisbury, Saugus, Swampscott, Topsfield, Wenham, West Newbury; ***Middlesex County, MA*** – Acton, Arlington, Bedford, Belmont, Billerica, Burlington, Cambridge, Carlisle, Chelmsford, Dracut, Everett, Framingham, Groton, Lexington, Lincoln, Littleton, Lowell, Malden, Medford, Melrose, Natick, Newton, North Reading, Reading, Sherborn, Somerville, Stoneham, Tewksbury, Tyngsborough, Wakefield, Waltham, Watertown, Westford, Wayland, Weston, Wilmington, Winchester, and Woburn.
- **Providence-New Bedford-Fall River, RI-MA MSA: *Bristol County, MA*** – Acushnet, Berkley, Dighton, Easton, Fairhaven, Freetown, Mansfield, Norton, Raynham, Rehoboth, Taunton.

Assessment Area Changes

Since the prior evaluation, the Bank's assessment area changed to exclude the municipality of Dennis. Dennis is located in the Barnstable-Yarmouth MSA and consists of five census tracts. Of

these tracts, none are low-income and one is a moderate-income tract. The change in assessment area was a result of the Bank closing the South Yarmouth branch. The branch office closed on January 20, 2012. This was the only change to the Bank's assessment area from the previous evaluation.

Demographic Data

Refer to Table 3 for assessment area demographic information.

Table 3 Assessment Area Demographics						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	932	10.9	20.3	39.4	28.0	1.4
Population by Geography	4,171,683	9.1	19.6	42.3	28.9	0.1
Owner-Occupied Housing by Geography	993,719	3.1	13.9	48.6	34.4	0.0
Business by Geography (2012)	415,011	6.9	13.9	41.1	37.9	0.2
Farms by Geography (2012)	6,588	2.3	8.8	51.6	37.2	0.1
Business by Geography (2013)	382,180	7.0	13.7	41.0	38.1	0.2
Farms by Geography (2013)	6,380	2.5	8.7	51.7	37.1	0.0
Family Distribution by Income Level	1,002,121	22.7	16.6	20.6	40.1	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	393,510	15.3	27.8	40.1	16.8	0.0
Median Family Income (2010 U.S. Census)	\$91,206		Median Housing Value		\$414,078	
Families Below Poverty Level	7.0%		Unemployment Rate **		7.1%	

(*) The NA category consists of geographies that have not been assigned an income classification. Source: 2010 US Census, and 2013 business geo-demographic data; (**) Source: Bureau of Labor Statistics December 2013

Census Tract Income Levels

The Bank's assessment area consists of 932 census tracts, of which there are 102 low-income (10.9 percent), 189 moderate-income (20.3 percent), 367 middle-income (39.4 percent), 261 upper-income (28.0 percent), and 13 NA income (1.4 percent). The majority of low-income census tracts are in the Boston-Cambridge-Quincy MSA (99) followed by the Providence-New Bedford-Fall River MSA (2) and the Barnstable-Yarmouth MSA (1).

There are several areas that contain low- and moderate-income census tracts. One is north of Boston in the Everett, Malden, Medford, Somerville, and Cambridge areas. Another is located in the Boston neighborhoods of Allston, Dorchester, Roxbury, South Boston, and Mattapan. The others pockets are located in the cities of Brockton, Lawrence, Lowell, and Lynn.

Housing

The assessment area consists of 1,744,554 total housing units, of which 57.0 percent are owner-occupied, 34.8 percent are occupied rental units, and 8.2 percent are vacant units. Of the 993,719 owner-occupied housing units, 3.1 percent are in the low-income census tracts and 13.9 percent are in moderate-income census tracts. The median housing value in 2010 for the assessment area was \$414,078, and the median age of the housing stock was 54 years.

Business Demographics

Data obtained from the 2012 Business Geo-demographic Data show that there are 415,011 non-farm businesses in the assessment area, of which 71.5 percent have gross annual revenues (GARs) of \$1 million or less, 5.1 percent have GARs greater than \$1 million, and the remaining 23.4 percent have unknown revenues. Of the total non-farm businesses in the assessment area, 6.9 percent are in low-income census tracts, 13.9 percent are in moderate-income census tracts, 41.1 percent are in middle-income tracts, 37.9 percent are in upper-income tracts, and 0.2 percent is in N/A census tracts. The highest proportion (46.4 percent) of these business establishments are engaged in the services industry. Businesses involved in retail trade (10.9 percent); construction (7.3 percent); and finance, insurance, and real estate (8.6 percent) make up a significant share of the remaining businesses. In terms of employees, approximately 65.1 percent of the area's businesses employ four or fewer people.

The 2013 Business Geo-demographic Data show that there are 382,180 non-farm businesses in the assessment area, of which 71.9 percent have GARs of \$1 million or less, 5.4 percent have GARs greater than \$1 million, and the remaining 22.7 percent have unknown revenues. Of the total non-farm businesses in the assessment area, 7.0 percent are in low-income census tracts, 13.7 percent are in moderate-income census tracts, 41.0 percent are in middle-income tracts, 38.1 percent are in upper-income tracts, and 0.2 percent is in N/A census tracts. The highest proportion (46.5 percent) of these business establishments are engaged in the services industry. Businesses involved in retail trade (11.6 percent); construction (7.6 percent); and finance, insurance, and real estate (8.8 percent) make up a significant share of the remaining businesses. In terms of employees, approximately 65.1 percent of the area's businesses employ four or fewer people.

Competition

The Bank faces strong competition from other financial institutions and mortgage companies that originate loans within the assessment area. The larger institutions include Wells Fargo Bank NA, JP Morgan Chase Bank NA, US Bank NA, Sovereign Bank NA, CitiBank NA, RBS Citizens Bank NA, and Bank of America NA. The 2012 aggregate data shows that 657 lenders extended 274,332 residential loans reportable under the Home Mortgage Disclosure Act (HMDA) within the Bank's assessment area. Eastern Bank ranked 29th out of 657 lenders that originated at least one home mortgage in the assessment area.

Unemployment

As of year-end 2013, the Massachusetts unemployment rate was 7.1 percent according to the Bureau of Labor Statistics. The unemployment rates vary considerably by MSA. As of year-end 2013, the unemployment rate for the Barnstable, MA MSA was 7.3 percent; the Boston-Cambridge-Quincy, MA-NH MSA rate was 6.4 percent; the and Providence-New Bedford-Fall River, RI-MA MSA rate was at 9.8 percent.

Community Contacts

The assessment area has no one primary credit need. However, affordable housing and job creation were mentioned especially in the Barnstable and Providence-New Bedford MSAs. Residents need a variety of retail loan products to meet personal needs, and an array of home financing programs for the purchase, construction, improvement, or refinance of a residence.

The area's business base also requires numerous commercial credit options to meet a wide variety of financing purposes.

Based on three contacts, the accessibility and sustainability of affordable housing was identified as a primary need throughout the lower sections of the assessment area. This would indicate a need for flexible loan products designed for first-time homebuyers and to foreclosure prevention. Further, the contacts noted the need for job creation along with financial education for small business and entrepreneurs. One contact noted a large demand for affordable housing on Cape Cod, as municipal employees cannot afford housing prices in communities in which they work.

A fourth contact was made to a non-profit organization that educates and mobilizes individuals and communities to increase affordable and sustainable homeownership across Massachusetts. This organization partners with financial institutions, municipalities, and the State to assist low- and moderate-income residents with homeownership opportunities. The organization requires participants to attend and graduate from a homeownership class to ensure the participant understands all aspects of homeownership. The contact stated home ownership for low- and moderate-income residents, including first-time homebuyers is increasingly difficult due to upfront costs, underwriting requirements, and housing cost. Eastern Bank was mentioned specifically as a great partner involved in helping the organization and area residents in obtaining homeownership.

SCOPE OF EVALUATION

An on-site evaluation was conducted utilizing Large Bank CRA evaluation procedures, as established by the Federal Financial Institutions Examination Council (FFIEC). As indicated in Table 2, the Bank is primarily a residential mortgage and commercial lender; thus, these products will be fully analyzed. The Bank also collects and reports indirect automobile lending data and requested this consumer loan category be analyzed. Eastern Bank does no farmland or agricultural loans; therefore, this product type was not reviewed.

Home mortgage loans originated in 2012, 2013, and year-to-date (YTD) 2014 (January 1, 2014 – June 30, 2014) reported on the Bank's loan application registers (LARs) pursuant to HMDA were included in the analyses. Home mortgage lending by product type did not offer different conclusions; therefore, purchases, refinances, and home improvements were analyzed together under home mortgages. Small business and indirect automobile loans, originated in 2012, 2013, and YTD 2014 are also included in the analyses. Small business loans, for the purposes of this evaluation, include commercial real estate and commercial and industrial loans with original balances of \$1 million or less. Information concerning small business and indirect automobile loans was obtained from the Bank's CRA loan registers (LRs), which are submitted annually to the Federal Reserve Bank (FRB). The 2012 lending activity for home mortgage and small business lending will be compared to aggregate lending data. Aggregate data for 2013 and 2014 was not available. There is no aggregate lending data for the indirect auto lending, so those loans were compared to assessment area households. The 2013 and 2014 lending activity will be utilized for trend analysis.

The total universe of small business loans utilized for the analysis is 1,625 loans for \$323 million in 2012, 1,692 loans for \$336 million in 2013, and 931 for \$170 million for the first six months of 2014. The total universe of home mortgage loans utilized for the analysis is 2,617 loans for \$598 million in 2012, 2,971 loans for \$705 million in 2013, and 1,034 for \$203 million for

partial year 2014. Last, the total universe of indirect automobile loans utilized for its limited analysis is 14,990 loans for \$324 million in 2012, 15,994 loans for \$361 million in 2013, and 10,379 loans for 237 million in the first six months of 2014.

Although both the number and dollar volume of the Bank's home mortgage, small business, and indirect automobile loans were reviewed, the number of originations was weighed more heavily than the dollar volume, as the number of loans is less likely to be influenced by factors such as business size, applicant income level, or varying housing values within its assessment area. If dollar volume was emphasized, higher income borrowers or geographical areas would generally appear to receive a larger percentage of loans simply because each loan is likely to be larger. Analysis of the dollar volume resulted in similar percentages to that of the number of loans; thus, unless a major dollar change or discrepancy was observed, only the number of loans will be discussed. The 2012, 2013, and YTD 2014 lending data is presented in the Assessment Area Concentration, Geographic Distribution, and Borrower Profile tables.

As previously depicted in Table 2, the Bank's loan portfolio is primarily made up of commercial loans (43.4 percent) and residential real estate loans (35.0 percent). Both products will be weighted equally from a quantitative perspective in arriving at overall conclusions pursuant to the Lending Test. The indirect automobile loans make-up approximately 13.0 percent of the loan portfolio and as a result will have a lesser impact on the overall rating and analysis. Although commercial loans represent a larger portion of the Bank's loan portfolio, home mortgage lending represents an integral piece of the Bank's lending strategy. Eastern Bank specializes in real estate lending, both commercial and residential. The Bank is the number one SBA lender in the State. According to the SBA, Eastern Bank helped create 984 new jobs and retain 1,709 jobs; more than any other lender in Massachusetts for 2014. Furthermore, small business development and affordable housing were both recognized by one of the community contacts as assessment area needs.

Only those loans extended within the institution's designated assessment area were analyzed under the Geographic Distribution and Borrower Profile criteria. Performance under the Lending Test is weighed more heavily than the Investment and Service tests in arriving at an overall CRA rating.

Qualified community development loans, innovative and/or flexible lending practices (product innovation), investments, and community development services were generally reviewed from June 20, 2011 (date of last evaluation), to the current evaluation date of September 15, 2014.

This CRA evaluation assessed performance based on the Bank's efforts in its entire assessment area. However, in order to comply with the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 ("IBBEA"), the FFIEC interagency CRA examination procedures require the FDIC to evaluate the Bank's overall performance within their assessment area and to separately describe the Bank's activities in each metropolitan area in which the Bank has a branch office. As allowed by IBBEA, it is not necessary to conduct separate analyses of the Bank's performance within metropolitan divisions (MDs) that are part of a larger metropolitan statistical area (MSA) or core based statistical area (CBSA) included in the Bank's assessment area. Thus, separate analyses were not conducted for the MDs that are within the Boston-Cambridge-Quincy, MA-NH MSA/CBSA. The separate discussions of the Bank's performance in the Boston-Cambridge-Quincy, MA-NH MSA/CBSA, the Barnstable Town, MA MSA, and the Providence-New Bedford-Fall River, RI-MA MSA follow the *Conclusions with Respect to Performance Tests* section. The Bank's performance in the overall assessment area carries the greatest weight in arriving at final conclusions. Among the three MSAs, the Boston-Cambridge-Quincy, MA-NH MSA/CBSA

conclusions carry the most weight, as it is the largest portion of the assessment area. The Barnstable Town, MA MSA and Providence-New Bedford-Fall River, RI-MA MSA, which the Bank only captures Bristol County, MA; is included in the Bank's assessment area; will be analyzed, based on limited scope procedures.

Demographic data utilized in the evaluation was obtained from the 2010 United States (U.S.) Census, the Bank's Report of Condition and Income (Call Report), and Dun & Bradstreet (D&B), unless otherwise noted.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test evaluates the institution's record of helping to meet the credit needs of its assessment area by considering the institution's home mortgage, small business, indirect automobile, community development, and innovative and flexible lending. The institution's lending efforts were analyzed and rated by the following lending criteria: Lending Activity; Assessment Area Concentration; Geographic Distribution; Borrower Profile; Community Development Lending; Responsiveness to Credit Needs; and Product Innovation.

Lending Activity

Eastern Bank's overall lending activity reflects good responsiveness to assessment area credit needs, considering the size of the institution, loan portfolio composition, and level of competition within the assessment area. Market share analyses for 2013 and 2014 were not performed as aggregate information was not available.

Home Mortgage Lending

A total of 657 reporting lenders originated at least one home mortgage loan in the Bank's overall assessment area in 2012. Eastern Bank ranked 29th, with a market share of approximately 0.8 percent by number and 0.6 percent by dollar volume. The Bank's performance was exceeded by 28 significantly larger regional and national banks, such as Wells Fargo Bank, N.A., ranked 1st with a market share, by number, of 10.0 percent. Similarly situated Rockland Trust Company ranked 34th with a market share of 0.7 percent. Overall, Eastern Bank's home mortgage activity exhibited good responsiveness to assessment area credit needs.

Small Business Lending

A total of 142 lenders reported small business loan originations in the Bank's assessment area in 2012. Eastern Bank ranked 15th, with a market share of 1.6 percent by number, and ranked 2nd, with a market share of 9.0 percent by dollar amount. It should be noted that small business market share data is somewhat inflated, as it also includes larger national lenders that originate smaller loans, typically under a business credit card arrangement, as substantiated by the top five market share performers by number: American Express Bank, FSB, with a market share by number of 33.6 percent; CitiBank (South Dakota), N.A., with a market share of 7.6 percent; Capitol One N.A. with a market share of 7.4 percent; FIA Card Services with a market share of 7.2 percent; and Capitol One Bank USA, N.A. with a market share of 5.5 percent. Similarly situated Rockland Trust Company ranked 14th, one ahead of the Bank, with the same market share percentage of 1.6 percent, but only made 10 more loans than the Bank. Eastern Bank's small business lending activity exhibits good responsiveness to assessment area credit needs. The Bank, for the fifth straight year, was named the top SBA lender in the State.

Indirect Automobile Lending

While there is no aggregate market share report for this loan category, the Bank maintains indirect lending relationships with over 200 automobile dealers located throughout Massachusetts, New Hampshire and Rhode Island. There are no market rankings for comparative purposes as no aggregate data is available. However, the Bank's indirect lending program has been active for over 20 years. The Bank demonstrated adequate responsiveness in originating indirect automobile loans in the assessment area.

Assessment Area Concentration

This performance criterion measures the percentage of the Bank's lending that benefited assessment area residents and businesses and evaluated the adequacy of such lending. Overall, Eastern Bank originated a high percentage of its home mortgage, small business, and indirect auto loans within the assessment area. The Bank originated approximately 88 percent of its home mortgage loans in the area, as well as approximately 95 percent of its small business loans. Overall, 62 percent of the Bank's total loans and 77 percent of the dollar volume was originated inside the assessment area.

Table 4
Distribution of Loans Inside and Outside of Assessment Area

Loan Category or Type	Number Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(000)	%	\$(000)	%	\$(000)
Home Purchase	351	73.9	124	26.1	475	177,045	74.3	61,138	25.7	238,183
Home Improvement	1,136	94.4	67	5.6	1,203	30,015	83.7	5,857	16.3	35,872
Refinance	795	84.7	144	15.3	939	280,126	86.4	44,129	13.6	324,255
2012 Subtotal	2,282	87.2	335	12.8	2,617	487,186	81.4	111,124	18.6	598,310
Home Purchase	480	75.0	160	25.0	640	239,991	80.1	59,599	19.9	299,590
Home Improvement	1,548	94.5	91	5.5	1,639	67,450	90.2	7,296	9.8	74,746
Refinance	582	84.1	110	15.9	692	275,624	83.3	55,429	16.7	331,053
2013 Subtotal	2,610	87.8	361	12.2	2,971	583,065	82.7	122,324	17.3	705,389
Home Purchase	211	78.7	57	12.3	268	79,072	70.0	33,893	30.0	112,965
Home Improvement	556	92.4	46	7.6	602	13,512	82.2	2,917	17.8	16,429
Refinance	133	81.1	31	18.9	164	57,193	77.5	16,632	22.5	73,825
2014* Subtotal	900	87.0	134	13.0	1,034	149,777	73.7	53,442	26.3	203,219
TOTAL HOME	5,792	87.5	830	12.5	6,622	1,220,028	81.0	286,890	19.0	1,506,918
2012 Small Business	1,542	94.9	83	5.1	1,625	300,598	93.0	22,532	7.0	323,130
2013 Small Business	1,604	94.8	88	5.2	1,692	313,433	93.3	22,646	6.7	336,079
2014* Small Business	878	94.3	53	5.7	931	157,031	92.2	13,253	7.8	170,284
TOTAL BUSINESS	4,024	94.7	224	5.3	4,248	771,062	93.0	58,431	7.0	829,493
2012 Automobile	8,078	53.9	6,912	46.1	14,990	177,393	54.8	146,394	45.2	323,787
2013 Automobile	8,594	53.7	7,400	46.3	15,994	194,144	53.8	166,522	46.2	360,666
2014* Automobile	5,769	55.6	4,610	44.4	10,379	131,187	55.4	105,706	44.6	236,893
TOTAL AUTOMOBILE	22,441	54.3	18,922	45.7	41,363	502,724	54.6	418,622	45.4	921,346
Grand Total	32,257	61.8	19,976	38.2	52,233	2,493,814	76.6	763,943	23.4	3,257,757

Source: HMDA LAR and CRA LR data (2012, 2013, and 2014). * indicates Partial Year 2014, 1/01 – 6/30/2014.

The Bank originated 52,233 loans, totaling approximately \$3.3 billion during the evaluation period. Of these, 61.8 percent, by number, and 76.6 percent, by dollar volume, were originated within the Bank's delineated assessment area. The home mortgage and small business lending reflect a high percentage and substantial majority, respectively, at 87.5 percent and 94.7 percent. The indirect auto percentage, at 54.3 percent still reflects adequate performance, and was affected by the large number of auto dealer relationships outside the assessment area, including New Hampshire and Rhode Island.

Geographic Distribution

The overall geographic distribution of loans was reviewed to assess the Bank's performance in addressing credit needs throughout its entire assessment area. The primary focus of this analysis was to assess the Bank's loan distribution in its assessment area, with emphasis placed on lending in low- and moderate-income census tracts. Overall, the geographic distribution of loans reflects a good dispersion throughout the assessment area.

Home Mortgage Lending

Overall, the Bank's home mortgage lending reflected good dispersion throughout the assessment area in 2012 with a consistent posture in 2013 and partial year 2014, as depicted in Table 5. The Bank's performance is compared to aggregate data (in 2012), and also the percentage of owner-occupied housing units when stratified by income level designation of the census tract. The percentage of owner-occupied units gives a good indication of the opportunities for mortgage loans that exist within each tract category. Aggregate market data was not available for comparison purposes in 2013 or 2014; therefore, it is only used as a comparison to 2012 Bank data.

Table 5										
Distribution of Home Mortgage Loans by Income Category of the Census Tract										
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2012 Aggregate Lending Data	2012 Bank Lending Data		2013 Bank Lending Data		YTD2014 Bank Lending Data		Total Bank Lending Data	
		%	#	%	#	%	#	%	#	%
Low	3.1	2.4	55	2.4	82	3.1	35	3.9	172	3.0
Moderate	13.9	10.6	280	12.3	310	11.9	98	10.9	688	11.9
Middle	48.6	45.0	998	43.7	1,206	46.2	453	50.3	2,657	45.8
Upper	34.3	42.0	949	41.6	1,012	38.8	314	34.9	2,275	39.3
N/A	0.1	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total	100.0	100.0	2,282	100.0	2,610	100.0	900	100.0	5,792	100.0

Source: U.S. Census (2010), HMDA LAR 2012 and 2013; Aggregate Data (2012).

As reflected in Table 5, in 2012 the Bank was in-line with the aggregate lenders (2.4 percent) in low-income census tracts and slightly below the percentage of owner-occupied housing units in those tracts. In 2013, the Bank's percentage increased to 3.1 percent and the number of originations also increased. During the first six months of 2014, at 3.9 percent, the Bank exceeded the percentage of owner-occupied housing units at 3.1 percent. This positive performance continued since the last evaluation where the Bank reported 1.3 percent of its home loans in the low-income census tracts. Overall the performance in low-income tracts continues to reflect positively on the Bank.

In 2012, 317 lenders originated a home mortgage loan in the assessment area's low-income census tracts, Eastern Bank ranked 26th with a market share of 0.8 percent. Similarly situated Rockland Trust Company was ranked 48th with 26 originations and a market share of 0.4 percent. The vast majority of institutions ranked higher than Eastern Bank were larger national or regional institutions such as Wells Fargo Bank NA, ranked 1st with 841 originations and a market share of 12.5 percent; JPMorgan Chase Bank, NA ranked 2nd with 436 originations and a market share of 6.5 percent; Bank of America, NA ranked 3rd with 286 originations and a market share of 4.2 percent; and US Bank, NA ranked 4th with 250 originations and a market share of 3.7

percent. There was one local institution, East Boston Savings Bank, which ranked 15th and had 107 originations and a market share of 1.6 percent. The Bank's 2012 lending percentage (2.4 percent) is an improvement from the prior evaluation. The 2013 and partial year 2014 data reflects a positive performance. The Bank's overall performance reflects a good dispersion in the low-income census tracts.

In 2012, the Bank, at 12.3 percent, exceeded the aggregate percentage of 10.6 percent in the moderate-income census tracts, but was slightly below the percentage of owner-occupied housing units. The 2013 and 2014 percentage was down slightly, but the number of loans originated increased in 2013. The 2014 lending activity appears slightly below the 2012 and 2013 pace through the first six months. The decline is primarily attributed to the significant competition in the area.

Eastern Bank ranked 26th in home mortgage lending in the moderate-income census tracts in 2012 with a market share of 1.0 percent. There were 451 reporting lenders originating 28,994 loans in these census tracts. Similarly situated Rockland Trust Company was ranked 35th with 162 originations and a market share of 0.5 percent. All the institutions ranked above the Bank were very large home mortgage lenders such as; Wells Fargo Bank NA, ranked 1st with 3,386 originations for a market share of 11.7 percent; JPMorgan Chase Bank, NA ranked 2nd with 1,857 originations and a market share of 6.4 percent; US Bank, NA ranked 3rd with 1,161 originations and a market share of 4.0 percent; and Bank of America, NA ranked 4th with 907 originations for a market share of 3.1 percent. Eastern Bank was the leader in local institutions in originating home mortgage loans in the moderate-income geographies. The 2013 and partial year 2014 reflect a consistent lending pattern to the 2012 results.

Small Business Lending

Overall, the Bank's small business loan distribution reflects good dispersion throughout the assessment area. This rating is substantiated by analysis of the aggregate lending comparison, lending programs offered to small businesses throughout the assessment area, and the Bank's achievement of being ranked the number one SBA 7(a) lender for the past five years. For comparison purposes, the Bank's performance is compared to business demographic data and aggregate lending data within the assessment area. Only the Bank's 2012 performance can be compared to aggregate lending data, as 2013 and partial year 2014 aggregate data is not available. Table 6 summarizes the distribution of small business loans by income category of the census tract.

As depicted in Table 6, the Bank originated 120 small business loans, or 7.8 percent of all small business loans, in the low-income census tracts in 2012. This performance exceeded both the percentage of commercial businesses located in the low-income census tracts at 6.9 percent, as well as the aggregate market performance at 6.0 percent.

Eastern Bank originated 226 loans, or 14.7 percent, in the moderate-income census tracts in 2012. The Bank's performance again exceeded both the aggregate market performance at 13.6 percent and the percentage of commercial businesses located in the moderate-income tracts at 13.9 percent.

The 2013 small business lending activity reflects a slight decline in the number and percentage of loans in the low- and moderate-income geographies at 6.2 and 13.5 percent, respectively compared to 2012, but is comparable with the percentage of businesses in low- and moderate-income tracts, at 7.0 percent and 13.8 percent. The partial year 2014 small business lending

projects a slight increase from the 2013 small business lending levels and is in-line to meet or exceed the 2012 lending activity level. Overall the small business lending activity reflects good dispersion of meeting the small business needs in the low- and moderate-income geographies throughout the assessment area.

Table 6
Distribution of Small Business Loans by Income Category of the Census Tract

Census Tract Income Level	Commercial Businesses (2012)	Commercial Businesses (2013)	2012 Aggregate Lending Data	2012 Bank Lending Data		2013 Bank Lending Data		YTD2014 Bank Lending Data		Total Bank Lending Data	
	%	%	%	#	%	#	%	#	%	#	%
Low	6.9	7.0	6.0	120	7.8	100	6.2	69	7.9	289	7.2
Moderate	13.9	13.8	13.6	226	14.7	217	13.5	114	13.0	557	13.8
Middle	41.1	41.0	43.3	720	46.7	758	47.3	399	45.4	1,877	46.7
Upper	37.9	38.0	36.9	472	30.6	528	32.9	295	33.6	1,295	32.2
N/A	0.2	0.2	0.2	4	0.2	1	0.1	1	0.1	6	0.1
Total	100.0	100.0	100.0	1,542	100.0	1,604	100.0	878	100.0	4,024	100.0

Source: Based on 2012 and 2013 Dun & Bradstreet; 2012 Peer Small Business Data; 2013 and 2014 CRA LR Data.

Indirect Automobile Lending

The Bank's distribution of indirect automobile loans throughout the assessment area, particularly in low- and moderate-income geographies, reflects good dispersion throughout the assessment area. Table 7 illustrates the number and dollar volume of loans compared to total households by income level of census tract.

Table 7
Distribution of Indirect Automobile Loans by Income Category of the Census Tract

Census Tract Income Category	Total Households	2012 Eastern Bank		2013 Eastern Bank		2014 YTD Eastern Bank	
	%	#	%	#	%	#	%
Low	25.9	284	3.5	1,963	22.9	1,083	18.8
Moderate	14.8	1,330	16.5	2,339	27.2	1,538	26.6
Middle	17.4	4,104	50.8	2,021	23.5	1,377	23.9
Upper	41.9	2,357	29.2	2,271	26.4	1,771	30.7
N/A	0.0	3	nominal	0	0.0	0	0.0
Total*	100.0	8,078	100.0	8,594	100.0	5,769	100.0

Source: 2012, 2013, and 2014 CRA Data Collection and 2010 US Census Data

The Bank's performance, in terms of indirect automobile loans made in 2012 within low-income census tracts, at 3.5 percent, is well below the percentage of total households in those census tracts, but as stated previously the Bank's dealer relationships include several dealers outside the Bank's assessment area and the Bank has limited control of the lending dispersion. Performances in 2013 and 2014 noted a significant increase in originations in low- and moderate-income tracts which was attributed to the addition of several dealers in the assessment area, as well as more attractive finance options offered by major automakers. The 2013 and partial year 2014 data reflects a positive

increase in loans to both the low- and moderate-income census tracts. The indirect automobile lending is considered good.

Borrower Profile

The distribution of loans based on borrower income and business revenue was reviewed to determine the extent to which the Bank addressed the credit needs of its assessment area residents, for home mortgage loans, small business loans and indirect auto loans in 2012, 2013, and partial year 2014. Eastern Bank's performance, relative to the distribution of borrowers, and considering the product lines of the institution, reflected an overall good penetration among retail customers of different income levels and business customers of different revenue sizes. For comparison purposes, Eastern Bank is compared to aggregate lending data (home mortgage and small business). Indirect auto loan data is not compared to aggregate as no information is available for comparative purposes. Aggregate data can only be used as a comparison for 2012 lending performance, as 2013 and 2014 aggregate data is not available. Home mortgage loans are also compared to the percentages of families within each income category, as families are the most likely entity to pursue home mortgage loans. Small business loans are also compared to D&B data, or business demographics.

Home Mortgage Lending

Home mortgage data was reviewed to assess how well the Bank met the housing credit needs of its assessment area residents. Special weight or consideration was placed on the Bank's record of lending to low- and moderate-income borrowers. The distribution of loans to borrowers of different incomes, considering the product lines offered, reflects a good penetration among home mortgage loan customers of different incomes.

As depicted in Table 8, the 2012 lending activity to low- and moderate-income exceeded aggregate lending activity. The Bank's low-income lending activity was below the percentage of low-income families, but in-line with the moderate-income family distribution. The low-income family disparity is explained, in part, by the percentage of low-income family households living below the poverty level (7.1 percent). These potential borrowers would find it difficult to qualify for a conventional mortgage, even under flexible underwriting guidelines.

Table 8 - Distribution of Home Mortgage Loans by Borrower Income

Borrower Income Level	Family Distribution by Income Level	2012 Aggregate Lending Data	2012 Bank Lending Data		2013 Bank Lending Data		2014 YTD Lending Data		Total Bank Lending Data	
		%	#	%	#	%	#	%	#	%
Low	22.7	4.8	171	7.5	150	5.8	47	5.2	368	6.4
Moderate	16.6	15.5	384	16.8	480	18.4	145	16.1	1,009	17.4
Middle	20.6	23.6	574	25.2	617	23.6	211	23.4	1,402	24.2
Upper	40.1	42.8	998	43.7	1,148	44.0	410	45.6	2,556	44.1
N/A	0.0	13.3	155	6.8	215	8.2	87	9.7	457	7.9
Total	100.0	100.0	2,282	100.0	2,610	100.0	900	100.0	5,792	100.0

Source: 2010 U.S. Census Data; 2012, 2013, and 2014 HMDA LAR; Aggregate Lending Data (2012). 10.8 percent of Families below Poverty.

In 2012, Eastern Bank's market share ranking for home mortgage loans originated to low-income borrowers was 15th, with a market share of 1.3 percent in its assessment area; tied with Lowell

Cooperative, and only one loan less than Rockland Trust Company, who had the same market share percentage. The remaining 13 banks that exceeded the Bank's performance by number involved substantially larger national and regional financial institutions operating within its assessment area such as; Wells Fargo Bank, NA ranked 1st with 1,265 loans and a market share of 9.5 percent; JPMorgan Chase Bank, NA ranked 2nd with 1,122 loans and a market share of 8.4 percent; and Bank of America, NA ranked 3rd with 674 loans and a market share of 5.1 percent. Overall, 368 reporting lenders originated 13,294 home mortgage loans to the assessment area's low-income residents.

Also in 2012, Eastern Bank achieved a market share ranking of 26th, relative to home mortgage lending to moderate-income borrowers in its assessment area, with a market share of 1.0 percent. Rockland Trust Company was ranked 21st with 476 home mortgage originations. There were 453 reporting lenders originating 42,579 home mortgage loans to moderate-income borrowers. The remaining financial institutions exceeding the Bank's performance by number are substantially larger national or regional institutions such as Wells Fargo Bank, NA ranked 1st with 4,668 loans and a market share of 11.0 percent; JPMorgan Chase Bank, NA ranked 2nd with 2,793 loans and a market share of 6.6 percent; and Sovereign Bank, NA ranked 3rd with 1,439 loans and a market share of 3.4 percent.

In 2013 and 2014 there was a decline in lending by number and percentage to low-income borrowers. In 2013 loans to moderate-income borrowers increased, while partial year 2014 volume is on pace to be lower than 2013. The Bank's 2013 percentage to moderate-income borrowers exceeded the percentage of moderate-income families. YTD 2014 levels are the result of stabilized interest rates, and resulting decline in refinance activity.

As reflected in the *Innovative and Flexible Lending* section of this evaluation, the Bank offers numerous lending programs that provide flexibility to borrowers. Many of these programs benefitted low- and moderate-income individuals. Please refer to this section for additional information.

Small Business Lending

The Bank demonstrated an adequate penetration of loans to businesses of different revenue sizes in 2012, 2013, and partial year 2014. The data utilized for this analysis is presented in Table 9.

Table 9 – Distribution of Small Business Loans by Gross Annual Revenue Category (GAR)										
Gross Annual Revenues (000s)	2012 Aggregate Data		2012 Bank Lending Data		2013 Bank Lending Data		2014 YTD Lending Data		Total Bank Lending Data	
	#	%	#	%	#	%	#	%	#	%
≤ \$1,000	33,773	39.5	500	32.4	619	38.6	342	39.9	1,461	36.3
> \$1,000	51,629	60.5	512	33.2	509	31.7	277	31.5	1,298	32.3
Revenues N/A	0	0.0	530	34.4	476	29.7	259	29.6	1,265	31.4
Total	85,402	100.0	1,542	100.0	1,604	100.0	878	100.0	4,024	100.0

Source: 2012 and 2013 CRA LRs and 2012 Peer Small Business Data.

As shown in Table 9, the Bank extended 500 small business loans to businesses with GARs of \$1

million or less. This is an improvement from the prior evaluation when the Bank reported 361 small business loans, or 26.7 percent, to businesses with a GAR of \$1 million or less. The Bank's lending level is slightly below the aggregate lending performance. The 2013 and partial year 2014 data reflect increased performance by number and percentage. The bank continues to reach out to smaller businesses and through the small business administration loan options continues to seek qualified small business lending opportunities throughout the assessment area. Further, analyzing the market share data for 2012, the Bank was rank 11th out of 142 lenders with a market share of 1.3 percent to businesses with a GAR of \$1 million or less. Rockland Trust Company ranked 10th with a market share of 1.9 percent. The remaining institutions ahead of the Bank are primarily credit card banks; such as American Express, FSB originating 16,737 loans and ranking 1st with a market share of 45.5 percent; CitiBank, N.A. originating 4,834 loans and ranking 2nd with a market share of 12.3 percent; and FIA Card Services originating 4,633 loans and ranking 3rd with a market share of 11.8 percent

Indirect Automobile Lending

The distribution of indirect automobile loans noted good penetration among borrowers of varying income levels, particularly those of low- and moderate-income. Table 10 shows the distribution of loans by borrower income level and assessment area households by income level.

Table 10 – Distribution of Indirect Automobile Loans by Borrower Income Level							
Borrower Income Level	Total Households	2012 Eastern Bank		2013 Eastern Bank		YTD 2014 Eastern Bank	
	%	#	%	#	%	#	%
Low	25.9	2,037	25.2	1,963	22.8	1,083	18.8
Moderate	14.8	2,290	28.4	2,339	27.2	1,538	26.6
Middle	17.4	1,838	22.8	2,021	23.5	1,377	23.9
Upper	41.9	1,911	23.6	2,271	26.5	1,771	30.7
Income Not Reported	0.0	2	nominal	0	0.0	0	0.0
Total	100.0	8,078	100.0	8,594	100.0	5,769	100.0

Source: 2012, 2013, and 2014 CRA Data Collection and 2010 US Census Data

As shown in Table 10, the Bank extended 25.2 percent of indirect automobile loans to low-income borrowers. This performance is in-line with the total percentage of low-income households in the assessment area at 25.9 percent. It should also be noted that 7.1 percent of the households are below the poverty level, which may preclude this segment from obtaining a loan. The Bank's performance in 2013 to low-income borrowers is only slightly lower in terms of lending to low-income borrowers. YTD 2014 is on pace to exceed 2012 and 2013.

In 2012, the Bank extended 28.4 percent of indirect automobile loans to moderate-income borrowers, which significantly exceeded the percentage of total moderate-income households at 14.8 percent. During 2013, 50 percent of the loan activity was to low- and moderate-income

borrowers. Further, partial year 2014 noted 45 percent of the indirect auto loans to low- and moderate- income borrowers.

Community Development Lending

Community development lending activities are evaluated pursuant to the following criteria: (1) the extent to which community development lending opportunities have been made available to the institution; (2) the responsiveness of the institution's community development lending; and (3) the extent of leadership the institution has demonstrated in community development lending. For the purpose of this evaluation, a community development loan is a loan that: (1) has community development as its primary purpose; (2) has not already been reported by the bank for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan); and (3) benefits the Bank's assessment area or a broader statewide or regional area that includes the Bank's assessment area.

Eastern Bank is a leader in making community development loans. The Bank originated 251 qualified community development loans during the evaluation period totaling \$329.2 million representing 3.7 percent of total assets and 5.9 percent of net loans as of June 30, 2014. This is a significant increase from the previous evaluation when the Bank originated 78 community development loans totaling \$68.2 million, representing, 0.9 percent of total assets and 1.8 percent of net loans. Management indicated that the increase is partially due to the acquisition of Wainwright Bank and Trust in March 2011. Wainwright had a community development focus and a division solely dedicated to the origination of community development loans. Examiners compared the Bank's level of community development lending with several other institutions in the Bank's assessment area, including Rockland Trust Company and Middlesex Savings Bank. The comparable banks ranged from 0.2 to 1.4 percent of total assets, and from 0.3 percent to 1.8 percent of net loans. Examiners also reviewed the Bank's community development lending within each MSA in the assessment area; the CBSA/MSA received the most weight. Examiners also considered the qualitative impact of the loans.

Tables 11 and 12 contain the number and dollar amount of loans by assessment area and by qualifying criteria, as well as, the year in which the loans originated.

Table 11- Qualified Community Development Lending Activity by Assessment Area												
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
Boston CBSA	42	93,410	140	96,257	5	9,809	0	0	0	0	187	199,476
Barnstable	6	2,290	0	0	1	1,183	0	0	0	0	7	3,473
Bristol	0	0	0	0	0	0	0	0	0	0	0	0
Broader Statewide*	2	16,500	23	31,140	0	0	0	0	0	0	25	47,640
Broader Regional*	0	0	12	13,156	0	0	0	0	0	0	12	13,156
Broader National*	9	59,750	11	5,700	0	0	0	0	0	0	20	65,450
Total	59	171,950	186	146,253	6	10,992	0	0	0	0	251	329,195

Source: Bank Records; *All loans in this category were made to businesses headquartered in one of the three assessment areas. All loans had a direct benefit in one or more AA and also had an additional statewide, regional, and/or national impact.

Table 12 - Qualified Community Development Lending Activity by Category

Category	6/21/11-12/31/11		2012		2013		YTD 2014		Total	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
Affordable Housing	3	24,200	24	56,449	21	72,058	11	19,243	58	167,750
Community Services	26	39,713	59	43,539	56	32,246	45	30,755	186	146,253
Economic Development	0	0	0	0	6	10,992	0	0	6	10,992
Revitalize or Stabilize	0	0	0	0	0	0	0	0	1	4,200
Neighborhood Stabilization	0	0	0	0	0	0	0	0	0	0
Total	29	63,913	83	99,988	83	115,296	56	49,998	251	329,195

Source: Bank Records

Examples of significant community development loans include:

Affordable Housing

- The Bank originated or purchased participations in 18 loans which included the construction or renovation of 1,165 affordable housing units for low- and moderate-income individuals totaling \$66.9 million. Of these loans, 12 loans totaling \$49.8 million were for projects designated as 100 percent affordable housing for low- and moderate-income individuals. All but one loan in the Barnstable MSA, totaling \$1.8 million was located in the Boston CBSA. Additionally included in the totals, the Bank originated or participated in six mixed-income housing projects in the CBSA/MSA where 20.0 to 50.0 percent of the housing units were designated for low- and moderate-income individuals. The prorated portion of the loans for the 214 units from these projects totaled 17.1 million.
- Two working capital loans totaling \$16.4 million were made to an organization whose primary purpose is to provide financial resources and technical experience for community-based and other non-profit organizations building affordable housing options. The organization, based in the Boston CBSA, benefits the entire State and partners with many agencies, including the Department of Housing and Community Development, MassHousing, the Massachusetts Housing Partnership, and MassDevelopment.
- Eastern Bank participated in a \$50 million loan to an asset management company based in Boston that manages debt and equity investments in low-income housing tax credit (LIHTC) properties. The Bank's portion was \$15 million. Additionally, the Bank solely funded two loans totaling \$13.1 million for working capital to the company's subsidiaries. The subsidiaries are also involved with LIHTCs. All three loans were renewed during the review period. The company is based in Boston and is also a leader in statewide and nationwide investments in LIHTC loans and investments.
- The Bank originated a loan for \$3.2 million to purchase 99.0 percent of a Massachusetts Housing Partnership stabilized affordable housing development in the CBSA/MSA.
- The Bank originated an unsecured working-capital loan for \$150,000 to a non-profit organization that builds and sells affordable housing in the Cape Code area to low- and moderate-income families. The loan was renewed twice during the review period (Barnstable MSA).

Community Services

- Eastern Bank financed five different loans totaling \$28.2 million in 2011 to renovate a health care facility in a low-income area which serves low- and moderate-income persons in Lowell. The Bank also funded a working capital loan for \$1 million to the same organization. The working capital loan was renewed once during the review period.
- The Bank originated a \$5 million working capital loan to an agency that administers an Elder Service Plan, part of the Massachusetts' Programs for All-Inclusive Care of the Elderly (PACE), and provides medical and social services to elderly individuals on the North Shore. The PACE program is restricted by income guidelines where all participants would be considered low- or moderate-income individuals. The loan was renewed once during the review period (CBSA/MSA).
- The Bank originated a \$3 million working capital loan to a statewide non-profit agency based in Boston whose goal is to prevent child abuse. The organization served 22,000 children and families throughout the State in 2013 through a variety of programs and services such as mental health care, intervention, family support services, after school programs, adoption services, and foster parent training and support. Although the organization's services are open to all, 85.0 percent are low-income families, earning under \$25,000 annually. The loan was renewed twice during the review period.
- The Bank originated a \$3 million working-capital loan to a non-profit agency with many locations throughout the CBSA/MSA. The organization provides social services to low- and moderate-income individuals, including basic needs, childcare, counseling, adult education, family services, interpreter services, refugee services, and homeless shelters. The loan was renewed once during the review period.
- The Bank funded a \$2.9 million loan to construct space for a job training and community service center in a low-income area of Lowell (CBSA/MSA), with the purpose of assisting the City's low- and moderate- income individuals with job training.
- The Bank originated a \$2.5 million working capital loan to an organization that provides free legal assistance to low-income individuals in Boston and its 31 surrounding cities and towns. The loan was renewed twice during the review period (CBSA/MSA).
- The Bank originated an unsecured \$20,000 working capital loan to a shelter and emergency service center for battered women and children serving the Cape Cod area. Nearly 70 percent of the clients are low- or moderate-income individuals or families. The loan was renewed once during the review period (Barnstable MSA).

Economic Development

- Eastern Bank utilized the SBA's Certified Development Company 504 (CDC 504) loan program to originate six loans totaling approximately \$11 million during the review program. Of those loans five loans totaling \$9.8 million were in the CBSA/MSA and one loan totaling approximately \$1.2 million was in the Barnstable MSA. The CDC program was developed by the SBA to encourage economic development by providing long-term financing to acquire

major fixed-assets for expansion or modernization in low- and moderate-income geographies.

Innovative or Flexible Lending Practices (Product Innovation)

During the evaluation period, Eastern Bank made extensive use of innovative and/or flexible lending practices to serve the credit needs of the assessment area. The Bank also offered a variety of loan products that exhibited flexibility in underwriting criteria and procedures in order to reach a broader customer base. The Bank's efforts included the first-time homebuyer program offered through the Mass Housing Partnership, which typically benefits low- or moderate-income borrowers. Also included are low-down payment and flexible conventional and government-guaranteed loan programs through the Federal Housing Administration (FHA) and Veterans Administration (VA). There are also consumer and commercial innovative and flexible loan programs such as reduced rate tuition financing and a starter loan program.

Eastern Bank originated loans utilizing at least 17 innovative or flexible lending programs. During the current evaluation period the Bank originated 7,201 innovative and flexible loans totaling approximately \$325 million. This is an increase of approximately 4,300 loans, primarily due the Heat Loan Programs, which were new to the Bank during this evaluation period, and the SBA lending; the dollar amount remained relatively steady compared to the previous evaluation. Eastern Bank, in a leadership position, continually and proactively seeks out lending opportunities such as the SBA loan and the small dollar loan programs to fulfill assessment area needs. For the past five years, including 2014, the Bank was the top originator of SBA 7(a) loans. Eastern Bank also outperformed many competitors. The Bank's innovative and flexible programs are summarized in Table 13.

Table 13 - Innovative or Flexible Lending Practices								
PROGRAM	NUMBER OF LOANS				DOLLAR VOLUME OF LOANS (000s)			
	2011	2012	2013	2014	2011	2012	2013	2014
RESIDENTIAL PROGRAMS								
Loan Modification Program	13	32	41	45	1,746	5,934	7,553	6,229
Mass Housing Partnership (MHP)	24	29	51	3	3,560	4,246	9,328	530
MHP (seconds)	24	29	51	3	948	1,129	2,468	145
MHP One Program	0	0	25	41	0	0	5,732	10,112
Rural Housing Service	4	10	8	5	2,407	2,108	1,605	1,102
VA	4	7	0	0	1,197	1,913	0	0
FHA	17	52	15	8	7,892	12,816	4,126	1,791
FHA Reverse Mortgage Program	10	67	69	26	5,969	14,746	15,312	5,734
Mass Housing Finance Authority	10	1	0	16	3,131	16,912	23,185	4,334
H.O.M.E. Reverse Mortgage	1	1	0	0	172	143	0	0
Senior Equity Line of Credit	0	1	0	0	0	33	0	0
Mass Saves® HEAT Loan Program	378	1,111	1,497	511	3,495	11,519	15,401	5,224
Total Residential Loans	485	1,340	1,757	658	30,517	71,499	84,710	35,201
CONSUMER PROGRAMS								
EB Starter Loan Program	109	177	251	108	93	153	221	92
Reduced Rate Tuition Financing	45	167	152	115	185	742	716	519
Total Consumer Loans	154	344	403	223	278	895	937	611
COMMERCIAL PROGRAMS								
SBA 7A Loans	167	374	458	672	11,436	21,653	22,986	37,073
SBA 504 Program Loans	0	0	0	26	0	0	0	4,395
Commercial Mass Saves® HEAT Loan Program	15	39	54	32	169	497	661	422
Total Commercial Loans	182	413	512	730	11,605	22,150	23,647	41,890
GRAND TOTAL	821	2,097	2,672	1,611	42,400	94,544	109,294	77,702

Source: Bank Records

The following highlights a sample of the residential, consumer, and commercial loan programs offered by the Bank.

Residential Loan Programs

Eastern Bank Loan Modification Troubled Debt Refinancing

The Bank will work with borrowers to prevent foreclosure, through a variety of means, including modifications. In these situations financial and/or term accommodations are made, when feasible, to assist the homeowner in the effort to prevent foreclosure.

Massachusetts Housing Finance Agency (MHFA)

Through the MHFA, the Bank granted mortgages to first-time homebuyers for the purchase of owner-occupied, 1-4 family properties and condominiums. Borrowers attend MHFA homeowner's classes to qualify. The program features low-down payments and below market interest rates. Graduates of MHFA training classes receive approved home buyer counseling, housing-to-income, and debt-to-income ratios of up to 29.0 percent and 41.0 percent, respectively.

Massachusetts Housing Partnership (MHP): First Mortgage Program

This program was developed to aid low- and moderate-income first-time homebuyers in qualifying for a home purchase loan without private mortgage insurance. The Bank finances the initial 77.0 percent along with a "soft-second" mortgage of 20.0 percent or \$20,000, whichever is greater. The second mortgage is interest-only for the first 10 years. Interest payments may be partially subsidized with MHP funds if the housing-to-income ratio exceeds 28.0 percent. After the first ten years, the principal amortizes over the remaining 20 years of the term.

Massachusetts Housing Partnership (MHP): ONE Program

This program is a redesign of the "soft-second" mortgage associated with the First Mortgage Program discussed above.

Federal Housing Authority (FHA)

The FHA enables low- and moderate-income borrowers to obtain financing up to 100.0 percent loan-to-value for up to 30 years. The Bank participates in two FHA programs; fixed and adjustable rates. Eligible properties include owner-occupied 1-4 family and FHA approved condominiums, and owner-occupied single unit second homes up to 85.0 percent of the acquisition cost. Both programs allow flexible housing-to-income ratios up to 29.0 percent and 41.0 percent, respectively.

FHA Reverse Mortgage

The FHA insured reverse mortgage allows senior homeowners age 62 and older to convert the equity in their 1-4 unit home or condominium into monthly streams of income to be repaid when they no longer occupy the home.

Consumer Loan Programs

Mass Save® HEAT Loan Program

In participation with various Massachusetts utility companies, Eastern Bank offers Energy Efficient financing. Consumers can apply for a 0.0 percent or low rate loan to assist with the installation of qualified energy efficient improvements to the residential property.

EB Starter Loan Program

Eastern Bank consumer lending offers a specialized program to extend small unsecured loans to borrowers with little or no credit. This program also offers loan options to underserved and under-banked individuals. The program includes Cash Reserves between \$500 and \$1,000 or Personal Loans between \$500 and \$2,000 (for 12 to 36 months) for individuals within a minimum one year employment history and no credit or limited credit, defined as two or less credit references for less than one year.

Commercial Loan Programs

Small Business Administration (SBA)

Eastern Bank is a Preferred SBA Lender since 2001. Under the Preferred Lender program SBA lenders have delegated loan approval, closing, servicing, and liquidation authority, enabling them to process loans faster. Eastern Bank participates in the SBA Low Doc, 504 Certified Development Corporation and 7(A) loan guaranty programs. Eastern Bank has been the number one ranked SBA lender for the past five years, not only in Massachusetts, but within the New England region. From October 1, 2012 to September 30, 2014 Eastern Bank originated 1,671 SBA 7(a) loans for \$72.5 million. The recent 2014 SBA annual report again reflects the Bank as the number one lender; similarly situated bank, Rockland Trust Company, ranked 3rd with 109 loans totaling \$16.4 million. Additionally, Eastern Bank is the SBA number one lender for Job Creation and Job Retention. The Bank helped create 984 new jobs and retain 1,709 jobs, more than any other lender making them the top Lender for Job Creation and Job Retention in Massachusetts for 2014.

Mass Save® HEAT Loan Program

This program provides borrowers with a 0.0 percent unsecured loan to assist with the installation of qualified energy efficient improvements for businesses and/or investment real estate.

Responsiveness to Credit Needs of Highly Disadvantaged Areas, Individuals, and/or Businesses

Eastern Bank exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low-income individuals, and very small businesses, consistent with safe and sound business practices. This is evidenced by many of the community development and innovative/flexible loan programs mentioned throughout the Lending Test section, such as the Mass Save® HEAT Loan Program participation, Mass Housing Partnership, and being the top SBA lender in the State. Eastern Bank is cognizant of its combined assessment area and the needs of the area. The Bank has been proactive in reaching potential borrowers through multiple first-time homebuyers seminars held throughout the assessment area as well as utilizing several government sponsored programs through FHA, VA, Mass Housing, and various Freddie Mac loan programs offering flexible underwriting and down payments. These multiple programs and products offered by the Bank are evidence their commitment to reach out to assist residents in meeting the assessment area needs and the Bank's commitment in serving low- and moderate-income populations and small businesses.

INVESTMENT TEST

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment areas or a broader statewide or regional area that includes the institution's assessment areas. A qualified investment for the purpose of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. Community development purposes include those that either: 1) provide affordable housing for low- or moderate-income individuals or areas; 2) provide community services targeting low- or moderate-income individuals or areas; 3) promote economic development by financing small businesses; 4) revitalize or stabilize low- or moderate-income geographies or 5) Support to Neighborhood Stabilization Programs. Activities considered under the Lending Test or Service Test may not be considered under the Investment Test.

The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors. Per the regulation, qualified investments considered in this evaluation include all those acquired or made since the previous CRA evaluation as well as those made in prior periods and still held by the institution.

The Bank's qualified community development investments and donations reflect an excellent level of responsiveness to the credit and community development needs. The Bank has taken a leadership role in making investments through innovative and complex means not routinely provided by other investors. This is best evidenced by the Bank's involvement with the Massachusetts Housing Investment Corporation (MHIC), a Community Development Financial Institution (CDFI) Fund. CDFI's are specialized financial institutions that provide products and services to populations and businesses located in underserved markets and lend responsibility to low-income communities. The MHIC investments extended support for affordable housing, small business development, and community facility rehabilitation and renovation projects.

During the evaluation period, the Bank's qualified equity investments and charitable contributions totaled approximately \$96 million. Qualified Equity investments totaled \$85.8 million and qualified donation totaled \$10.2 million. The previous evaluation noted qualified donations of \$42.4 million in June 2011.

Eastern Bank's total qualified donations compared favorably to similarly situated banks.

Equity Investments

The qualified equity investments of \$85.8 million represents 0.9 percent of the Bank's total assets as of June 30, 2014, and 83.0 percent of the Bank's total equity investments of \$102.8 million as of September 16, 2014. The Bank's equity investments increased from the previous evaluation (\$37.2 million), representing a 56.7 percent increase. The increase is attributed to three investments with a book value totaling \$12.9 million obtained in the merger of Wainright Bank and Trust, and a number of new period investments with a purchase total of \$50.4million; prior equity investments also account for approximately \$22.5 million.

Table 14 contains a breakdown of the Bank's qualified equity investments followed by examples of some qualified investments.

Table 14 - Community Development Equity Investments												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services**		Economic Development		Revitalization or Stabilization***		Neighborhood Stabilization Projects			
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
Prior to (6/20/2011)*	7	5,970	4	10,386	6	794	1	5,300	0	0	18	22,450
6/20/2011–12/31/2011****	3	10,040	0	0	3	12,899	0	0	0	0	6	22,939
2012	3	6,936	0	0	2	15,760	0	0	0	0	5	22,696
2013	5	16,260	0	0	1	1,417	0	0	0	0	6	17,677
1/1/2014-9/16/2014	0	0	0	0	0	0	0	0	0	0	0	0
Total	18	39,206	4	10,386	12	30,870	1	5,300	0	0	35	85,762

Source: Bank Records; * For investments purchased prior to the last examination, credit is given to the current book value as of (6/30/2014). For current period investments, credit is given to the purchase amount, **Targeted to Low- or Moderate-Income Individuals, ***Of Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies, ****Includes Wainright Bank and Trust Investments not included in prior evaluation.

New Investments:

Massachusetts Housing Equity Fund (MHEF)

MHEF XIII Limited Liability Company (LLC), and the MHEF XIX LLC, MHEF XX LLC and MHEF 2000 LLC in late 2011, 2012, and 2013

Eastern Bank committed \$7 million to MHEF. The funds acquire interests in various limited partnerships and/or limited liability companies which are involved in the rehabilitation of existing multi-family or other apartment rental housing or the development of additional low-income housing projects throughout Massachusetts using the Low-Income Housing Tax Credit (LIHTC) program. The Massachusetts Housing Equity Fund, Inc. manages the funds. MHIC is the Parent Corporation and sole shareholder of MHEF. This equity investment benefits a broader statewide regional area, including the assessment area.

LE Housing LP

On June 30, 2011, Eastern Bank entered into a participation bond for the development of a LIHTC apartment project for the construction of a new 75-unit, 100 percent affordable housing complex in Boston's Chinatown district. The purchase amount of Eastern Bank's participation totaled \$7 million. This Bond is managed by the Massachusetts Development Finance Agency. This investment directly benefits a portion of the assessment area.

WFH Housing, LLC

On June 12, 2013, Eastern Bank issued two Massachusetts Development Finance Agency Multi-family Housing Revenue Bonds totaling \$9.9 million to WFH Housing. The bonds are to

finance a 20-year section 8 housing contract from HUD for 72 apartment units. The investment directly benefits a portion of the assessment area and low- and moderate-income individuals and families.

HCA Capitol Square Apartments, LLC

Housing Corporation of Arlington (HCA) is a Massachusetts non-profit corporation whose mission is to provide affordable housing to low- and moderate-income individuals and families. On October 22, 2012 two tax exempt bonds were issued by the Massachusetts Development Finance Agency on behalf of HCA to finance the rehabilitation and repositioning of a 32-unit apartment complex in east Arlington known as The Capital Square Apartment and to bridge the receipt of approved committed tax credit equity installment and public subsidy contributions. The amount committed totals \$5.9 million. The investment directly benefits a portion of the assessment area.

Community Development Inc.

Community Development, Inc. is a non-profit organization established for the purpose of holding property located at 95 Berkley Street in Boston to provide office facilities to other non-profit organizations at below cost in order to assist them in accomplishing their missions. These non-profit organizations have a primary purpose of community development and range from organizations that offer affordable housing financing or the investment in affordable housing, community health programs, and a substance abuse and education center. This is a direct purchase Tax-Exempt Bond for Community Development Inc. used for capital improvements of the project totaling \$15.8 million. The investment benefits a portion of the Bank's assessment area.

Prior Period Investments:

Mass Housing Investment Corporation (MHIC)

On April 20, 2001, Eastern Bank made an equity investment of \$950,000 in the Massachusetts Housing Investment Corporation (MHIC), Limited Liability Company (LLC) Loan Pool. MHIC is a non-profit organization created in 1990 and certified by the U. S. Treasury Department as a CDFI. MHIC serves as an independent funding entity, making loans and assisting in the placement of tax credit equity investments. Since 1990, MHIC has been involved in the financing of approximately \$350 million in loans and investments for affordable housing projects. At year-end 2000, MHIC converted its existing loan pool to a LLC structure. The change in organizational structure allows member equity investments in the LLC as a flexible capital base with which MHIC can provide creative financing products designed to serve unmet affordable housing and community development needs and can complement financing otherwise not available in the market place. Since it was established in 1990, MHIC's loan pool program has made 130 loans totaling \$225 million, for the development of over 5,000 units of affordable housing. The affordable housing benefits low- and moderate-income individuals and families.

Loans are extended to both non-profit and for-profit borrowers to finance new construction, acquisition, and refinancing of existing loans for the purpose of providing affordable housing. In most cases loans are made available to projects that would not otherwise be eligible to receive financing. As of June 30, 2014, the book value of Eastern Bank's investment was \$950,000. The investment benefits a broader statewide regional area including the assessment area.

MHIC New Markets Fund III Series 3 LLC

On February 14, 2007, Eastern Bank closed on a \$5.3 million investment in the MHIC New Markets Fund III Series 3, LLC, a pooled investment entity established and managed by Massachusetts Housing Investment Corporation (the "Fund"). The Fund will ultimately use its investment proceeds to make loans and equity investments in entities that are actively conducting business within low-income communities in Massachusetts, thereby assisting in redevelopment of economically disadvantaged neighborhoods in Massachusetts. The investments are qualified low-income community investments within the meaning of §45D(d) of the IRS Code, thus allowing Eastern Bank and the other investors to claim New Markets Credits. As of June 30, 2014 the book value was \$5.3 million. The investment benefits a broader statewide regional area including the assessment area.

Pine Street Inn

Eastern Bank issued a bond for the financing of improvements to Pine Street Inn, Inc. Pine Street Inn Inc. is a non-profit organization committed to men, women, and children in need of shelter, sustenance, and the basic moral and material supports necessary to lead a dignified and stable life. The majority of the individuals served are low- or moderate-income. The book value as of June 30, 2014 was \$3.2 million. The investment benefits a portion of the Bank's assessment area.

Massachusetts Housing Equity Fund 1998, 1999, 2001, and 2002, MHEF X, and MHEF XIII LLC Fund Low-Income Housing Tax Credits (LIHTC)

In 1998, 1999, 2002, 2003, 2005 and 2007, Eastern Bank committed to equity investments totaling \$15.8 million to the MHEF. The funds acquire interest in various limited partnerships or limited liability companies that are involved in the rehabilitation of existing multi-family, other rental housing, or the development of additional low-income housing projects throughout Massachusetts using the LIHTC program. The investment benefits a broader statewide regional area including the assessment area. The book value as of June 30, 2014 was \$979,883.

Investments as a result of Wainright Bank and Trust merger (March 2011):

Job Training and Employment Corporation

On November 30, 2007, Wainright Bank and Trust issued two bonds totaling \$2.6 million to Job Training and Employment Corporation. This not-for-profit organization provides employment and training services low- and moderate-income individuals to assist in obtaining employment. The bonds will be used to purchase property as well as refinance the current property and will be backed by the Mass Development Finance Agency, which makes the interest income tax exempt to the bank and the tax savings to the bank will be passed through to the borrower. The investment benefits a broader statewide regional area including the assessment area. As of June 30, 2014 the book value was approximately \$2.4 million.

Heritage 195 Pleasant Street

On December 22, 2010, Wainright Bank and Trust issued a \$10.8 million bond to the Heritage 195 Pleasant Street LLC. The bond was issued to refinance and renovate an existing elderly affordable housing project in Malden, Massachusetts and is backed by the Massachusetts Development Finance Agency Bond. The majority of the elderly served are low- or moderate-income. The investment benefits a portion of the Bank's assessment area. As of June 30, 2014 the book value was 10,546,269.

Charitable Contributions

The Bank's grants and donations are made primarily through the Eastern Bank Charitable Foundation (EBCF). The EBCF was established for the purpose of supporting the community and charitable organizations. All contributions qualified for CRA purposes were made through the EBCF.

The EBCF extended \$15.2 million in total grants between June 20, 2011 and September 15, 2014. CRA qualified grants totaled \$10.2 million, which represents 67.0 percent of the total grants made during this period. These services include assistance with food, healthcare, education, affordable housing, and the economic development of low- and moderate-income communities. Table 15 details the Bank's qualified donations by purpose and year.

Table 15 - Community Development Grants and Donations												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
06/20/2011 – 12/31/2011	45	136,746	279	1,074,143	0	0	11	17,490	0	0	335	1,228,379
2012	60	159,880	542	2,185,961	0	0	41	164,604	0	0	643	2,510,445
2013	72	276,025	605	2,190,161	5	15,600	103	733,802	0	0	785	3,215,588
1/1/2014 - 9/15/2014	47	182,473	550	2,858,285	7	16,000	41	192,708	0	0	645	3,249,466
Total	224	755,124	1,976	8,308,550	12	31,600	196	1,108,604	0	0	2,408	10,203,878

Source: Bank Records

*Targeted to Low- or Moderate-Income Individuals

** In Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

As depicted in Table 15, the vast majority of donations were targeted toward organizations that provide community services to low- and moderate-income individuals and families. The \$10.2 million in qualified donations represents a 47.6 percent increase since the last evaluation. The increase is primarily due to the acquisition of Wainwright Bank and Trust.

The following is a sample of the qualified community development grants:

My Brother's Table

The mission of this organization is to feed the hungry and to serve everyone in need regardless of race, color, creed, or sex. The largest soup kitchen on the North Shore of Massachusetts, the organization served over 126,000 meals to low- and moderate-income individuals last year. My Brother's Table is open 365 days a year and has been open over 10,000 consecutive days. The donation benefits a portion of the Bank's assessment area.

Let's Get Ready

Based in Boston, this organization provides low-income high school students with free SAT preparation, college admission counseling, and other support services needed to gain admission

to and graduate from college. Since 1998 Let's Get Ready has guided nearly 17,000 underserved and low-income students through the college process. The donation benefited a portion of the Bank's assessment area.

Community Teamwork Inc.

The organization's goal is to strengthen communities and reduce poverty by delivering vital services and creating housing, education, and economic opportunities to low- to moderate-income individuals. The organization provides a wide array of social services in areas such as Family & Children, Finance & Business, Food & Nutrition, Housing & Utilities and Community & Volunteering. The donation benefited the Bank's assessment area.

Metropolitan Boston Housing Partnership

The mission of the Metropolitan Boston Housing Partnership is to ensure that the region's low- and moderate-income individuals and families have choice and mobility in finding and retaining affordable housing. To achieve this mission, the organization offers assistance in obtaining section 8 vouchers and runs a Housing Consumer Education Center in which they provide foreclosure prevention, eviction mitigation, and relocation assistance services. The donation benefited a portion of the Bank's assessment area.

Habitat for Humanity

Habitat for Humanity builds and rehabilitates simple, low-cost homes by forming partnerships with low-income families in need of decent and affordable housing. Using volunteer labor, donations of money, materials, and land, Habitat for Humanity constructs and rehabilitates houses all across Massachusetts. Qualified families receive the home for no down payment and pay an interest free mortgage to the organization. Habitat for Humanity also provides low-income families with homeowner education and financial management classes. The donation benefited the Bank's assessment area.

Children's Law Center of MA (CLCM)

The organization's mission is to promote and secure equal justice and to maximize opportunity for low-income children by providing quality advocacy and legal services. CLCM provides specific services such as a statewide helpline, individual legal representation, community education and training, and systemic advocacy. The organization also conduct a number of studies that have led to direct changes in public policy to ensure that low-income youth are treated equally and fairly in the justice system. The donation benefited the Bank's assessment area.

ACCION USA

ACCION USA is a micro finance organization that specializes in loans to small businesses. The organization's mission is to empower small business owners with access to working capital and financial education. ACCION specializes in lending to small business owners who cannot qualify for loans from a traditional bank. The organization also serves as an educational and supportive resource for small business owners by providing website building workshops, credit seminars, and tax and insurance guidance. The donation benefited a portion of the Bank's assessment area.

SERVICE TEST

The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that serve low- or moderate-income individuals; 3) the availability and effectiveness of alternative systems for delivering retail banking services in low- and moderate-income areas and to low- and moderate-income individuals; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs in those geographies.

The institution's community development services are evaluated pursuant to the following criteria: 1) the extent to which the bank provides community development services; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and, 4) their responsiveness to available opportunities for community development services.

The Bank is a leader in providing community development services that are particularly responsive to assessment area needs and opportunities.

Distribution of Branches

The Bank's service delivery systems, including full service branches and ATMs, are readily accessible to essentially all portions of the assessment area. Table 16 compares the distribution of branches and ATMs to the distribution of assessment area census tracts and population by census tract income level. Further, of the six branches opened during the evaluation period two, or 33.3 percent, were located in low- and moderate-income census tracts. The Bank continues to commit to investing in low- and moderate-income areas when considering branch locations.

The Bank maintains 95 full service branches. All 95 branch locations have at least one automated teller machine (ATM). The Bank also operates six remote ATMs. These are located in the lobby of 265 Franklin Street in Boston, Marina Bay in Quincy, One Eastern Place in Lynn, 495 Margin Street in Peabody, Salem Hospital (Highland Ave), and in Gloucester (Railroad Ave). The Table 16 illustrates the geographic distribution of the Bank's full service branches and ATMs compared to applicable demographic data.

The percentage of branches and ATMs located in low-income income tracts is in line with the population and percentages of tracts of the low-income areas. The percentage of branches and ATMs in moderate-income tracts is below the percentage of tracts and population; however, several of the Bank's branches in the middle-income census tracts are in close proximity to the area's moderate-income geographies.

Table 16 Distribution of Branches and ATMs						
Census Tract Income	% of Tracts	% of Population	Full- Service Branches		ATMs	
			#	%	#	%
Low	10.9	9.1	10	10.5	11	10.8
Moderate	20.3	19.6	10	10.5	11	10.8
Middle	39.4	42.3	48	50.5	50	49.5
Upper	28.0	28.9	27	28.5	29	28.9
NA	1.4	0.1	0	0.0	0	0.0
Total	100.0	100.0	95	100.0	101	100.0

Source: Internal Bank Records and 2010 U.S. Census Data

Record of Opening and Closing Branches

The Bank's record of opening and closing branch offices improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The Bank added two additional branches located in low- and moderate-income areas during the evaluation period. The Bank continues to explore branching opportunities low- and moderate-income areas to further providing banking services to area residents.

In 2012, Eastern Bank acquired six new branches as a result of the November 2012 conversion of The Community Bank (TCB) branches. These locations included Lawrence (Essex St), Bridgewater (Main St.), two Brockton locations (Quincy Street and Belmont Street), Lakeville (Main St.), and South Sandwich (Cotuit Rd.). Of the six new locations; Lawrence was located in a low-income tract and the Quincy Street in Brockton was located in a moderate-income tract.

The Bank closed six branches since the last examination, of which none were located in low- or moderate- income tracts. In January 2012, the Bank closed a limited service branch at the Woodbridge Assisted Living Facility in Peabody and full service branch in South Yarmouth due to a low volume of transactions. The closing of the South Yarmouth branch resulted in a change to the assessment area by eliminating the town of Dennis. In October 2013, the Bank closed the South Main Street Middleboro branch and the Bedford Street Lakeville branch because they were in close proximity to a larger TCB Branch on Main Street in Lakeville. In May 2013, the 348 Belmont Street branch in Brockton closed due to the conversion of the TCB branch at 1265 Belmont Street in Brockton. Lastly, the Lowell Street branch in Wilmington closed on June 20, 2014.

Retail Banking Services

The Bank's services are tailored to the convenience and needs of its assessment area, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Branch hours are convenient and located near public transit lines. Many full-service branches have drive-up hours and extended hours.

The Bank's Call Center is available until 8 pm (expanded from 5 pm at the last examination). Many branches offer expanded hours on Thursday and Friday evening. Several branches are open on Sunday until 3 pm. In February 2013 the Bank launched its *webChat* service which

gives customers the opportunity to communicate via a live web chat to make account inquiries or ask questions directly to a customer service representative.

The Bank provides a full array of personal banking services, including deposit services, various checking, savings account options designed to fit the needs of its customers, debit cards, and international banking services and retirement accounts. Consumer credit products include mortgages, home equity loans, lines of credit, installment loans, and student loans. Wealth management, investment products, and trust services are available through Eastern Bank Wealth Management, a division of Eastern Bank. Insurance products are available through Eastern Insurance Group, LLC a wholly owned subsidiary of Eastern Bank.

The Bank offers a wide range of financial products for businesses. These include a comprehensive package of financial services including business checking, business savings, and business money market accounts. Business services include online banking, mobile banking and remote deposit capture, automated clearing house (ACH) origination, 24-hour telephone banking, payroll services, wire transfers, account reconciliation, cash flow management, and international services. Business credit products include commercial and commercial mortgage loans, business lines of credit, term loans, and SBA loans.

Alternative Delivery Systems

Eastern Bank offers its customers online banking and promotes this through HomeConnect. The mobile banking service added 17,600 new customers in 2012, as the market continued to have a strong demand for highly functional smart phones and mobile banking products. During 2012, the Bank continued to see growth in the electronic delivery of personal and business deposit account statements available through HomeConnect. During 2012, approximately 18,000 additional customers signed up to receive their statements electronically. Delivery systems are readily accessible to all customers.

In March of 2012, the Bank launched a new checking account, eZ Checking. This account makes it easier for customers to avoid ATM fees and offers greater access to more ATMs without fees. The Bank opened 2,071 new eZ Checking accounts during 2012.

In July of 2012, the Bank rolled out a new product to consumer customers for remote deposit capture through the mobile banking product. Since the rollout, 16,600 users registered for the product.

Eastern Bank's Customer Service Center (1-800-EASTERN) continues to provide a wide array of services by telephone. In 2012, the Call Center responded to 596,000 customer calls, which is slightly higher than the call volume of 2011. In February 2013, the Customer Service Center launched a web-chat service as a new sales and servicing channel via easternbank.com. As of June 2013, the Bank engaged in 1,628 web-chats.

Eastern Bank has a robust website, which includes educational information to customers on identification theft, deposit insurance, and preventing, recognizing and reporting fraud and security breach information. Additionally, information regarding the Bank's financial literacy program is included. Non-profits and other community organizations can print off a request form if they are interested in having Eastern Bank deliver financial literacy programs to them.

The Bank offers community-meeting rooms for use by non-profit community organizations at various Eastern Bank branches located throughout the assessment area. Non-profit organizations can sign up to use the rooms through the respective branch manager. The Eastern Bank intranet carries information regarding usage for the rooms.

The Bank also offers a service to non-profit community organizations called Community Room.net. Because many non-profits do not have the resources to launch their own internet site, the Bank offers this service to provide them with the opportunity to have a hosted website with online donation capabilities.

Community Development Services

Eastern Bank is a leader in providing community development services. Eastern Bank's leadership is represented by both the number of organizations served and the extent of involvement with organizations, including Housing Assistance Corporation and Mass Housing Investment Corporation. Eastern Bank's employees serve these organizations, and many others, in a leadership capacity providing financial expertise and guidance in financial matters. The Bank's community development services resulted in a better-educated community, increased awareness of community needs, and contributed to improving the communities served. The Bank offers financial services and technical assistance to several community development organizations throughout the assessment area. In addition, personnel provide financial education through a variety of seminars and events. During the review period there were over 100 organizations served.

As discussed in the Community Contacts section of the evaluation, Eastern Bank was identified as a great partner, and an entity that is actively involved in helping area residents with obtaining homeownership.

Table 17 provides the breakdown of community development services provided by Eastern Bank employees throughout the examination period. All of the services meet the definition of community development, and are responsive to the community development needs of the Bank's assessment area.

Table 17 - Community Development Services						
Activity Year	Qualifying Category					Totals
	Affordable Housing	Community Services*	Economic Development	Revitalization or Stabilization**	Neighborhood Stabilization Projects	
	#	#	#	#	#	#
06/30/2011–12/31/2011	19	108	18	0	0	145
2012	20	182	8	0	0	210
2013	32	198	27	0	0	257
Total	71	488	53	0	0	612

Internal Bank CD Services Records 3rd and 4th Quarter 2011, 2012, & 2013

Approximately 600 employees were involved in some type of community service and/or lent their technical expertise in areas of affordable housing or economic development during the evaluation period. The Bank has over 50 employees that are certified trainers of the FDIC Money Smart Program. While other banks may offer the program given the large number of trainers this allows the Bank to reach out to many more community organizations, non-profits, schools and local business to teach basic money management skills to business owners and their employees.

The following are examples of the community development services provided by the Bank and include organizations where Eastern Bank demonstrates a leadership capacity.

Housing Assistance Corporation (HAC)

The organization provides housing and rental assistance to low-income residence in all of Barnstable County, including temporary and long-term shelter for the homeless. Eastern Bank provided MHP, Mass Housing, USDA, and FHA loans for many HAC customers. A Senior Vice President and Regional Manager at Eastern Bank serve on the Board at this organization. Eastern Bank is the only bank involved with this organization. Low- and moderate-income families represent 37.0 percent in Barnstable County.

Falmouth Housing Trust

The organization promotes the development and maintenance of affordable housing for low- and moderate-income individuals within Falmouth and adjacent towns. The organization encourages employers to create and retain jobs for low- and moderate-income individuals. A Branch Manager serves on the Board for Falmouth Housing Trust. Eastern Bank is the only bank involved with this organization.

Merrimack Valley Small Business Administration

The organization provides an array of business support services: entrepreneurial training, workshops, one-on-one counseling, business plan assistance, and financing options. A Vice President serves on the Advisory Board for this organization.

Massachusetts Housing Investment Corporation

The organization is a private investor and lender specializing in financing affordable housing and community development throughout New England. The affordable housing benefits low- and moderate-income individuals and families. The Bank has a number of employees who are active in this organization, including a Senior Vice President who has served as Director and Chair of the New Market Tax Credit Advisory Committee during the review period, a Senior Vice President serves as a committee member, a Commercial Banking Director serves on the Board, a Senior Vice President serves as a committee member, and an Executive Vice President serves on the Board.

Lynn House for Young Women

The New Washington Square Residence (WSR), of the Lynn Home for Young Women, serves single persons who seek affordable housing and the security of a furnished managed home. The diverse population of residents includes working persons, many of whom are attending school, as well as persons who desire a safe and supportive environment. The individuals served are primarily low- or moderate-income. The WSR provides efficiency studios and furnished rooms and encourages a sense of community with sharing of meals, social activities, and opportunities for scholarship assistance and job training. A Vice President in Eastern Bank's Wealth Management Group serves as Treasurer for this organization.

Family & Children's Service of Greater Lynn

The organization offers programs for families, children, and individuals of all ages. Programs are tailored to meet the needs of the communities, and primarily benefit low- or moderate-income. The Bank has a number of employees involved with this organization. The Human Resources Director served as President of the Board and currently serves on the Investment, Executive, and Personnel Committees. In addition, another employee serves as a committee member. Eastern Bank is the only bank involved with this organization.

North Shore Workforce Investment Board (WIB)

Preparing and connecting candidates to obtain suitable and sustainable employment. The bulk of the programs are targeted toward preparing immigrants and low-income earners for new employment opportunities. The Human Resources Director serves as Chairman of the Board. Eastern Bank is one of two banks involved with this organization.

Citizens Housing and Planning Association-(CHAPA)

CHAPA is a non-profit organization offering affordable housing and community development activities in Massachusetts. The majority of the individuals served are low- or moderate-income. A Regional Sales Manager serves as Committee Member.

Greater Boston Food Bank

The organization is a non-profit clearing house for food to feed the hungry in Boston. An Executive Vice President serves on the Advisory Board.

Financial Literacy Programs and Educational Seminars

Eastern Bank employees facilitated financial literacy programs for students ranging from kindergarten to high school and also to local organizations, such as the YMCA of Lawrence, Community Teamwork, Inc., and Housing Assistance Corporation. The programs are tailored for the audience's needs, and primarily serve low- and moderate-income individuals. The primary purpose of these programs is to teach the importance of saving and developing smart spending habits by covering topics such as basic checking accounts, savings and spending practices, credit, mortgage qualification, and the application process for consumer loans and revolving credit. As noted above, some 600 employees participated in a wide range of literacy and financial education programs. During the examination period there were 55 financial literacy training classes held at various locations throughout the assessment area. Many of these classes were targeted to low- and moderate-income individuals.

Eastern Bank continues its participation with the FDIC Money Smart Program. Training programs are offered through the Bank in conjunction with various non-profit community groups located throughout the assessment area, such as Lynn and Lawrence, where a majority of the census tracts are low- or moderate-income.

Eastern Bank participated in 16 fraud prevention awareness classes. These classes teach helpful tips on preventing and detecting fraudulent acts. These classes were taught to organizations, such as South Shore Housing, Neighborhood Affordable Housing Association, and local senior centers. A majority of the participants were low- or moderate-income.

There were 55 first-time homebuyer seminars during the examination period. These seminars provided education on all areas of mortgage lending and topics such as credit and budgeting, and the mortgage process, as well as communicating with real estate brokers during the mortgage

process. The seminars occurred at organizations such as Plymouth Redevelopment Authority, Medford Community Housing, and Urban Edge Housing Corporation. A majority of the program participants were low- or moderate-income.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES

The Bank's compliance with fair lending laws and regulations was examined. No indication of discriminatory or other illegal credit practices inconsistent with helping to meet community and assessment area credit needs were identified during the evaluation.

METROPOLITAN STATISTICAL AREA ANALYSES

A description of the Bank's CRA-related activities must also be provided for each metropolitan area in which the Bank maintains a branch office. Ratings are not assigned.

In the sections that follow, there is a full scope analysis for the Boston-Cambridge-Quincy, MA-NH MSA/CBSA and limited scope analyses of the Barnstable, MA MSA, and the Providence-New Bedford-Fall River, RI-MA MSA.

DESCRIPTION OF THE INSTITUTION'S BOSTON-CAMBRIDGE-QUINCY, MA-NH MSA/CBSA #14480

Eastern Bank maintains 87 branch offices within the Boston-Cambridge-Quincy, MA-NH MSA/CBSA (MSA/CBSA). Table 18 illustrates the current distribution of Bank branches by income level of the census tract, compared to the distribution of assessment area census tracts by income level. Comparisons are also provided relative to the percentage of households by income level of the tracts.

Table 18 – Distribution of Branch Offices by Income Category					
Census Tract Income Category	Census Tracts in Assessment Area		Households	Bank Offices by Tract Location	
	#	%	%	#	%
Low	99	11.6	26.5	10	11.5
Moderate	181	21.1	14.8	9	10.3
Middle	324	37.8	17.4	43	49.5
Upper	240	28.0	41.3	25	28.7
N/A	13	1.5	nominal	0	0.0
Total	857	100.0	100.0	87	100.0

Source: U.S. Census Bureau and Bank Records

As previously discussed in the overall *Description of Assessment Area* section, the MSA/CBSA encompasses all or portions of the following three Metropolitan Divisions (MDs): the Boston-Quincy, MA MD; the Cambridge-Newton-Framingham, MA MD; and the Essex County, MA MD. Of all 140 cities and towns that Eastern Bank designated as its assessment area, 123 are within this MSA/CBSA.

The Boston-Cambridge-Quincy MA-NH MSA/CBSA includes municipalities that are located in the following counties: Norfolk, Plymouth, Suffolk, Essex, and Middlesex. Relevant demographic data for the MSA/CBSA is presented in Table 19.

Table 19 – Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	857	11.6	21.1	37.8	28.0	1.5
Population by Geography	3,821,996	9.7	20.6	41.1	28.5	0.1
Owner-Occupied Housing by Geography	1,572,604	3.3	14.8	47.1	34.8	<0.1
Business by Geography (2012)	378,988	6.8	14.6	39.6	38.8	0.2
(2013)	348,396	6.8	14.5	39.5	39.0	0.2
Family Distribution by Income Level	907,118	23.3	16.7	20.5	39.5	<0.1
Distribution of Low and Moderate Income Families throughout AA Geographies	362,393	16.1	29.0	38.4	16.4	0.1
MFI (2012) – MSA/CBSA		\$92,174	Median Housing Value		\$419,327	
Households Below Poverty Level		11.1%	Unemployment Rate 2012		6.4%	

Source: United States Census data; FFIEC 2012, 2013 MFI.

SCOPE OF THE EVALUATION

The scope of the evaluation is similar to the overall scope discussed previously; however, assessment area concentration (lending in/out of the Bank's delineated assessment area) is not evaluated, as it is only evaluated for the overall assessment area.

DISCUSSION WITH RESPECT TO PERFORMANCE TESTS IN THE BOSTON-CAMBRIDGE-QUINCY, MA-NH MSA/CBSA #14480: (MSA/CBSA)

LENDING TEST

Lending Activity

As depicted in Table 20, the largest percentage of Eastern Bank's overall home mortgage, small business, and indirect automobile loans were originated in the MSA/CBSA portion of the assessment area. Based on the demographics and assessment area configuration, the MSA/CBSA performance reflects excellent responsiveness.

Table 20 - Lending in the Boston-Cambridge-Quincy, MA-NH MSA/CBSA compared to the Barnstable, MA MSA and Providence-New Bedford-Fall River, RI-MA MSA (Bristol County only)							
	Boston-Cambridge-Quincy, MA-NH MSA/CBSA		Barnstable, MA MSA		Providence-New Bedford-Fall River, RI-MA MSA		TOTAL
Loan Category or Type	# of loans	%	# of loans	%	# of loans	%	
Home Mortgage 2012	2,130	93.3	113	5.0	39	1.7	2,282
Home Mortgage 2013	2,401	92.0	178	6.8	31	1.2	2,610
Home Mortgage 2014*	795	88.3	80	8.9	25	2.8	900
Subtotal	5,326	92.0	371	6.4	95	1.6	5,792
Small Business 2012	1,433	92.9	68	4.4	41	2.7	1,542
Small Business 2013	1,464	91.3	96	6.0	44	2.7	1,604
Small Business 2014*	804	91.6	48	5.4	26	3.0	878
Subtotal	3,701	92.0	212	5.3	111	2.7	4,024
Automobile 2012	7,778	96.3	142	1.7	158	2.0	8,078
Automobile 2013	8,278	96.3	100	1.2	216	2.5	8,594
Automobile 2014*	5,571	96.6	50	0.9	148	2.5	5,769
Subtotal	21,627	96.4	292	1.3	522	2.3	22,441
Total	30,654	95.0	875	2.7	728	2.3	32,257

Source: 2012, 2013, and 2014 HMDA LAR and CRA LR data. * indicates partial year 1/01 – 6/30/2014.

In 2012, there were 631 reporting lenders that originated 250,747 home mortgage loans in the MSA/CBSA portion of the assessment area. Eastern Bank was ranked 29th, with a market share of 0.9 percent by number, and 0.6 percent by dollar volume. The 28 lenders ahead of Eastern Bank were substantially larger national and regional financial institutions such as Wells Fargo Bank, NA ranked 1st and originating 25,209 loans; JPMorgan Chase Bank, NA ranked 2nd and originating 16,435 loans; US Bank, NA ranked 3rd and originating 11,944 loans; and Mortgage Master, Inc. ranked 4th and originating 10,504 loans. Rockland Trust Company ranked 37th with 1,572 originations. The Bank's 2013 performance was generally the same as 2012; however, the 2014 performance is slightly lower based on interest rates.

There were 136 lenders that reported 78,097 small business loans in the MSA/CBSA in 2012. Eastern Bank was ranked 13th with a market share of 1.7 percent by number and 2nd by dollar amount with a market share of 9.9 percent. American Express Bank, FSB, a credit card bank, was ranked 1st with a market share of 34.9 percent. As stated earlier, the small business market share data by number is somewhat inflated by larger national lenders, such as American Express Bank FSB, that originate smaller loans, typically under a business credit card arrangement. Eastern Bank was the top local bank, with similarly situated Rockland Trust Company ranked 15th. The Bank's 2013 performance was similar to 2012 in terms of the percentage of total small business loans originated in the MSA/CBSA. The 2014 performance appears to be improved from the prior years.

The Bank originated over 96 percent of its indirect auto loans in the MSA/CBSA in 2012, 2013 and YTD 2014.

Geographic Distribution

The geographic distribution of loans was reviewed to assess the Bank's performance in addressing credit needs throughout the MSA/CBSA. The primary focus of this analysis was to assess the Bank's loan distribution in its assessment area, with emphasis placed on lending in the low- and moderate-income census tracts. Overall, the Bank's geographic distribution of home mortgage, small business, and indirect auto loans reflects good dispersion throughout the MSA/CBSA.

Home Mortgage Lending

The Bank's home mortgage loan dispersion in the MSA/CBSA was good. The Bank's performance is compared to aggregate data and the percentage of owner-occupied housing units when stratified by income level designation of the census tract. The percentage of owner-occupied units gives a good indication of the opportunities for mortgage loans that exist within each tract category.

Eastern Bank originated 52 loans in the low-income census tracts. As depicted in Table 21, the Bank's performance was slightly below the percentage of owner-occupied units, but in-line with the aggregate market. The 2013 lending performance in the low-income census tracts reflects a positive trend by number and percentage. YTD 2014 also reflects an improved percentage in the low-income tracts.

In the moderate-income census tracts the Bank's performance (13.0 percent) exceeded the aggregate, but was again slightly below the percentage of owner-occupied housing units. Overall the Bank's low- and moderate-income home mortgage lending performance totals 15.4

percent, which exceeds aggregate performance of 13.6 percent. In 2013, the Bank's moderate-income lending performance reflects a slight decrease by percentage, but a slight increase in the number of loans. YTD 2014 moderate-income census tract performance is down slightly by both number and percentage, but this is partly mitigated by a slowdown in the housing activity as witnessed in lower numbers each of the income categories.

Table 21 - Distribution of Home Mortgage Loans by Income Category of the MSA/CBSA Census Tracts

Census Tract Income Level	% of Total Owner-Occupied Housing Units	2012 Aggregate Lending Data		2012 Bank Lending Data		2013 Bank Lending Data		2014 YTD Bank Lending Data		Total Bank Lending Data	
		#	%	#	%	#	%	#	%	#	%
Low	3.3	6,535	2.6	52	2.4	79	3.3	34	4.3	165	3.1
Moderate	14.8	27,577	11.0	276	13.0	299	12.5	89	11.2	664	12.5
Middle	47.1	109,441	43.7	892	41.9	1,050	43.7	383	48.2	2,325	43.6
Upper	34.8	107,167	42.7	910	42.7	973	40.5	289	36.3	2,172	40.8
N/A	0.0	27	nominal	0	0.0	0	0.0	0	0.0	0	0.0
Total	100.0	250,747	100.0	2,130	100.0	2,401	100.0	795	100.0	5,326	100.0

Source: U.S. Census (2010), HMDA LAR 2012, 2013, and 2014; Aggregate Data (2012).

Market share reports for 2012 were run for low- and moderate-income census tracts. Eastern Bank originated 52 loans in the low-income census tracts in 2012, and ranked 26th out of 306 reporting lenders. The majority of the banks with a larger market share were large national or regional financial institutions such as Wells Fargo Bank, NA ranked 1st with 822 originations; JPMorgan Chase Bank, NA ranked 2nd with 427 originations; and Bank of America ranked 3rd with 280 originations. There was one smaller local financial institution, East Boston Savings Bank, ranked higher than Eastern Bank, at 15th and 107 originations. Rockland Trust Company was ranked 49th with 24 originations.

Of the 431 reporting lenders originating at least one home mortgage loan in the 181 moderate-income MSA/CBSA census tracts in 2012, Eastern Bank ranked 25th with a market share of 1.0 percent. The 24 lenders ahead of Eastern Bank were all larger national or regional financial institutions; such as Wells Fargo Bank, NA ranked 1st with 3,265 originations; JPMorgan Chase Bank, NA ranked 2nd with 1,790 originations; and US Bank, NA ranked 3rd with 1,105 originations. Rockland Trust Company was ranked 44th with 131 originations. East Boston Savings Bank was ranked 30th with 229 originations.

Overall, Eastern Bank's lending performance in the low- and moderate-income census tracts notes good dispersion and indicates that the Bank is meeting the home mortgage credit needs in these census tracts.

Small Business Lending

Overall, the Bank's small business loan dispersion in the MSA/CBSA is considered good. As depicted in Table 22, in 2012, the Bank originated 113 loans, or 7.9 percent, in the low-income census tracts. This performance exceeded the aggregate and was also slightly higher than the percentage of commercial businesses located in the low-income tracts. Although 2013 saw a slight decrease in the number and percentage of lending volume, the 2014 lending performance indicates an increase in both number and percentage.

The Bank originated 224 small business loans in the moderate-income census tracts and exceeded the aggregate percentage and the percentage of business. Similar to the low-income

census tract performance, 2013 saw a slight decrease in number and percentage, but the 2014 lending volume reflects an improved trend.

Table 22 – Distribution of Small Business Loans by Income Category of the MSA/CBSA Census Tract											
Census Tract Income Level	Commercial Businesses (2012)	Commercial Businesses (2013)	2012 Aggregate Lending Data	2012 Bank Lending Data		2013 Bank Lending Data		2014 YTD Bank Lending Data		Total Bank Lending Data	
	%	%	%	#	%	#	%	#	%	#	%
Low	6.8	6.8	5.9	113	7.9	93	6.4	67	8.3	273	7.4
Moderate	14.6	14.5	14.3	224	15.6	217	14.8	110	13.7	551	14.9
Middle	39.6	39.5	41.9	644	44.9	654	44.6	353	43.9	1,651	44.6
Upper	38.8	39.0	37.6	448	31.3	499	34.1	273	34.0	1,220	32.9
N/A	0.2	0.2	0.3	4	0.3	1	0.1	1	0.1	6	0.2
Total	100.0	100.0	100.0	1,433	100.0	1,464	100.0	804	100.0	3,701	100.0

Source: Based on 2012 and 2013 Dun & Bradstreet; 2012 Peer Small Business Data; 2013 and 2014 CRA LR Data.

Indirect Automobile Lending

The Bank's dispersion of indirect automobile loans throughout the assessment area, particularly in low- and moderate-income geographies, is adequate. Table 23 illustrates the number and dollar volume of loans compared to total households by income level of census tract.

Table 23 Distribution of Indirect Automobile Loans by Income Category of the MSA/CBSA Census Tract							
Census Tract Income Category	Total Households	2012 Eastern Bank		2013 Eastern Bank		2014 YTD Eastern Bank	
	%	#	%	#	%	#	%
Low	8.9	274	3.5	288	3.5	242	4.3
Moderate	20.8	1,317	16.9	1,317	15.9	862	15.5
Middle	42.1	3,940	50.7	4,286	51.8	2,839	51.0
Upper	28.2	2,244	28.9	2,387	28.8	1,628	29.2
N/A	nominal	3	nominal	0	0.0	0	0.0
Total*	100.0	7,778	100.0	8,278	100.0	5,571	100.0

Source: 2012, 2013, and 2014 CRA Data Collection and 2010 US Census Data

As indicated in Table 23, the lending percentage is consistent from year to year and the volume reflects a positive performance.

Borrower Profile

Overall, Eastern Bank's performance reflects good penetration to low- and moderate-income borrowers and businesses of different sizes.

Home Mortgage Lending

Home mortgage data was reviewed to assess how well the Bank addressed the housing credit needs of the MSA/CBSA residents. Special consideration was placed on the Bank's record of lending to low- and moderate-income borrowers. As depicted in Table 24, Eastern Bank's performance, relative to the distribution of borrowers, reflects, considering the product lines offered, good penetration among home mortgage loan customers of different income levels. The Bank's performance exceeded the aggregate market by percentage in lending to low- and moderate-income borrowers in 2012.

Table 24 - Distribution of MSA/CBSA Home Mortgage Loans by Borrower Income										
Borrower Income Level	Family Distribution by Income Level	2012 Aggregate Lending Data	2012 Bank Lending Data		2013 Bank Lending Data		2014 YTD Lending Data		Total Bank Lending Data	
		%	#	%	#	%	#	%	#	%
Low	23.3	4.9	165	7.8	134	5.6	43	5.4	342	6.4
Moderate	16.7	15.6	359	16.9	447	18.6	129	16.2	935	17.6
Middle	20.5	23.8	532	25.0	567	23.6	181	22.8	1,280	24.0
Upper	39.5	42.4	930	43.6	1,050	43.7	367	46.2	2,347	44.1
N/A	Nominal	13.3	144	6.7	203	8.5	75	9.4	422	7.9
Total	100.0	100.0	2,130	100.0	2,401	100.0	795	100.0	5,326	100.0

Source: 2010 U.S. Census Data; 2012, 2013, and 2014 HMDA LAR; Aggregate Lending Data (2012). 11.1 percent of Families below Poverty.

As depicted in Table 24, 165, or 7.8 percent of the Bank's home mortgage loans, originated in 2012, were originated to low-income borrowers, exceeding the aggregate market at 4.9 percent. The Bank's performance was below the percentage of low-income family households (23.3 percent); however, this disparity is explained, in part, by the high percentage of low-income family households living below the poverty level (11.1 percent). Eastern Bank ranked 14th, by number, with a market share of 1.3 percent to home mortgage lending to low-income borrowers in the MSA/CBSA assessment area. There were 353 reporting lenders that originated at least 1 loan to low-income borrowers in the MSA/CBSA assessment area. The 13 financial institutions ahead of the Bank were very large national or regional home mortgage lenders such as, Wells Fargo Bank, NA; JPMorgan Chase Bank, NA; and Bank of America. Rockland Trust Company was ranked 19th.

Table 24 also shows that 359, or 16.9 percent of home mortgage loans originated in 2012, were granted to moderate-income borrowers. This performance again exceeded the aggregate market and was slightly above the percentage of moderate-income family households at 16.7 percent. Eastern Bank ranked 26th out of 441 reporting lenders originating at least one loan in this assessment area to a moderate-income borrower, for a market share of 0.9 percent. Similarly

situated bank Rockland Trust Company was ranked 25th, originating 373 home mortgage loans to moderate-income borrowers. The remaining 24 lenders ahead of the Bank were very large national and regional financial institutions.

In 2013, the lending volume to low-income borrowers decreased by number and percentage, but increased to moderate-income borrowers. YTD 2014 reflects a slowdown in lending activity to low- and moderate-income borrowers.

Small Business Lending

The Bank's small business lending indicated an adequate penetration to businesses of different revenue sizes in the MSA/CBSA assessment area.

As depicted in Table 25, in 2012, the Bank originated 460 small business loans, or 32.1 percent, to businesses with GARs of \$1 million or less. The Bank's performance is slightly below the aggregate and below the percentage of businesses reporting GARs of \$1 million or less within the MSA/CBSA (71.4 percent)

Table 25 – Distribution of MSA/CBSA Small Business Loans by Gross Annual Revenue Category (GAR)											
Gross Annual Revenues (000s)	Total Number of Businesses %		2012 Aggregate Data	2012 Bank Lending Data		2013 Bank Lending Data		2014 YTD Bank Lending Data		Total Bank Lending Data	
	2012	2013	%	#	%	#	%	#	%	#	%
≤ \$1,000	71.4	71.7	39.8	460	32.1	552	37.7	314	39.1	1,326	35.8
> \$1,000	5.1	5.5	60.2	490	34.2	478	32.7	258	32.1	1,226	33.1
Revenues N/A	23.5	22.8	0.0	483	33.7	434	29.6	232	28.8	1,149	31.1
Total	100.0	100.0	100.0	1,433	100.0	1,464	100.0	804	100.0	3,701	100.0

Source: 2010 and 2011 CRA LRs and 2010 Peer Small Business Data.

Market share data for 2012, noted the Bank ranked 11th out of 136 lenders with a market share of 1.4 percent of originations to businesses with a GAR of \$1 million or less. Similarly situated Rockland Trust Company ranked 10th with a market share of 1.7 percent. The remaining institutions ahead of the Bank are primarily credit card banks; such as, American Express, FSB originating 14,784 loans ranked 1st with a market share of 43.5 percent; CitiBank, N.A. originating 4,162 loans ranked 2nd with a market share of 12.2 percent; and FIA Card Services originating 4,107 loans ranked 3rd with a market share of 12.1 percent.

Analysis of 2013 data revealed a slight increase in number and percentage, while the YTD 2014 data reveals that Eastern Bank is on pace to exceed the prior years' performances by number and percentage.

Indirect Automobile Lending

The distribution of indirect automobile loans among borrowers of varying income levels, particularly those of low- and moderate-income, revealed excellent penetration. Table 26 shows the distribution of loans by borrower income level and assessment area households by income level.

Table 26 – Distribution of Indirect Automobile Loans by Borrower Income Level							
Borrower Income Level	Total Households	2012 Eastern Bank		2013 Eastern Bank		YTD 2014 Eastern Bank	
	%	#	%	#	%	#	%
Low	8.9	2,004	25.8	1,930	23.3	1,602	28.8
Moderate	20.8	2,217	28.5	2,283	27.6	1,492	26.8
Middle	42.1	1,749	22.5	1,933	23.4	1,297	23.3
Upper	28.2	1,806	23.2	2,132	25.7	1,180	21.1
Income Not Reported	nominal	2	nominal	0	0.0	0	0.0
Total	100.0	7,778	100.0	8,278	100.0	5,571	100.0

Source: 2012, 2013, and 2014 CRA Data Collection and 2010 US Census Data

As shown in Table 26, the Bank extended more than 50.0 percent of its indirect automobile loans to low- and moderate- income individuals each year. This performance exceeds the total percentage of low- and moderate-income households in the assessment area for each year. The total volume of indirect automobile lending also increased in 2013. YTD 2014 is on pace to exceed 2012 and 2013. Overall, the Bank's performance reflects a consistent lending pattern and is similar to the prior evaluation lending pattern.

Community Development Lending

A majority of the Bank's community development lending activity directly benefited cities and towns within the MSA/CBSA segment of the assessment area. Specifically, 187 loans totaling \$199.5 million, or 74.5 percent by number and 60.6 percent by dollar volume of all community development loans, were extended within this portion of the assessment area. Of the assessment area's total population, 91.7 percent resides within the MSA/CBSA. Furthermore, 99 (97.1 percent) of the overall assessment area's 102 low-income census tracts and 181 (95.8 percent) of the 189 moderate-income census tracts are located within this area. The overall community development loan activity is noteworthy. Please refer to the overall Community Development Lending section and Tables 11 and 12 for additional information.

Innovative or Flexible Lending Products

The Bank's innovative and flexible loan programs are available consistently throughout all MSA areas that are part of the designated assessment area. Please refer to the overall discussion for innovative and flexible products.

INVESTMENT TEST

The Bank made an excellent level of qualified community development investments and grants that benefit the MSA/CBSA. The qualified equity investments noted in the overall assessment area section benefit communities throughout the entire area, including those within the MSA/CBSA. The \$3.2 million that was allocated to the Pine Street Inn, Inc. directly benefited the Boston-Cambridge-Quincy MSA. Another investment directly benefiting this MSA/CBSA is the \$15.8 million investment to the Community Development Inc.

The vast majority of the qualified donations, \$9.9 million, or 97.4 percent, were provided to organizations located within and/or servicing the MSA/CBSA. These donations benefitted organizations assisting affordable housing, community services, and economic development.

Please refer to the overall Investment Test section for additional information.

SERVICE TEST

The Bank's delivery systems are readily accessible to essentially all portions of the area. Of the Bank's full-service branches, 87, or 91.6 percent, are located in this MSA/CBSA. Ten branches are located in low-income census tracts, and nine are located in moderate-income census tracts. All six of the Bank's standalone ATMs are located in this MSA/CBSA. One of these is located in a low-income tract and one of these is located in a moderate-income tract.

Five branches were closed in the MSA/CBSA since the previous evaluation. A branch located at 240 Lynnfield Street in Peabody was closed on January 18, 2012, located in a middle-income census tract. A branch at 1313 Belmont Street in Brockton was closed on May 11, 2013, located in a middle income census tract. A branch at 348 Bedford Street in Lakeville was closed on October 26, 2013, located in an upper-income census tract. A branch at One South Main Street in Middleboro was closed on October 26, 2013, located in a middle-income census tract. The final branch to close in the area during the review period was located at 219 Lowell Street in Wilmington. This branch was closed on June 20, 2014, located in a middle-income census tract. In addition, the Bank also closed an off-site ATM at Johnnie's Foodmaster in Melrose, located in a middle-income census tract.

The Bank opened five new branches in the MSA/CBSA during the evaluation period. Four branches opened on November 30, 2012. These branches are located at 276 Quincy Street in Brockton, 1265 Belmont Street in Brockton, 45 Main Street in Lakeville, and 110 Main Street in Bridgewater. The branch opening on Quincy Street in Brockton is located in a moderate-income census tract. The Bank also opened a branch in the MSA/CBSA on October 11, 2011 at 486 Essex Street in Lawrence, located in a low-income census tract.

All of the Bank's alternative delivery systems, business banking services, and other banking services previously discussed are available within the MSA/CBSA. The Bank's services and business hours do not vary in a way that inconveniences certain portions of this area, particularly to low- and moderate-income geographies or individuals.

The Bank and its employees are leaders in providing community development services within this area. Employees participated in a total of 587 services activities within the MSA/CBSA during the

evaluation period. Activities include involvement with the Community Action Programs, Inner City in Chelsea, Dorchester House Multi Service Center, Quincy Community Action Program, Groundworks Lawrence, Accion USA, and the YMCA of Lawrence.

Please refer to the overall Service Test section for additional information.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BARNSTABLE TOWN, MA MSA #12700

Eastern Bank operates seven branch offices in this MSA portion of the designated assessment area. One branch each is located in Falmouth, Hyannis, Marstons Mills, Mashpee, Teaticket, and two branches are located in Sandwich.

The Barnstable Town, MA MSA accounts for only six of the Bank's designated assessment area cities and towns, including Barnstable, Bourne, Falmouth, Mashpee, Sandwich, and Yarmouth. These cities and towns encompass 37 census tracts, of which 1 is low-income, 5 are moderate-income, 27 are middle-income, and 4 are upper-income census tracts. Table 27 contains the demographics for this area.

Table 27 Demographics for Barnstable-Yarmouth, MA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	37	2.7	13.5	73.0	10.8	0.00
Population by Geography	154,952	2.0	9.8	74.6	13.6	0.00
Owner-Occupied Housing by Geography	54,890	0.4	7.9	78.7	13.0	0.00
Business by Geography	19,471	10.4	8.6	67.5	13.5	0.00
Farms by Geography	606	3.0	5.3	76.8	15.2	0.00
Family Distribution by Income Level	43,895	17.3	18.1	26.6	38.0	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	15,534	1.7	9.5	75.8	13.0	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2012 Families Below Poverty Level		\$75,056 \$80,000 4.9%	Median Housing Value Unemployment Rate *		\$394,072 7.3%	

Source: 2010 US Census and 2012 FFIEC updated MFI; * Source: Bureau of Labor Statistics for December 2013

Total population of the area is 154,952; representing 3.7 percent of the Bank's designated assessment area population. Nearly 75.0 percent of the area's population resides in middle-income census tracts. There are 68,090 households in the area, of which 21.7 percent are low-income, 17.3 percent are moderate-income, 19.3 percent are middle-income, and 41.7 percent are upper-income. The distribution of the area's 43,895 families by income level is consistent with the household distribution. Furthermore, a significant majority of the area's owner-occupied housing units are located in middle-income census tracts (78.7 percent), while only 0.4 percent is located in low-income census tracts, 7.9 percent in moderate-income census tracts, and 13.0 percent are in upper-income census tracts. A total of 19,471 businesses are located in the area in 2012, the majority, or 67.5 percent of which, are located in middle-income census geographies. The area's 19,471 businesses represent only 4.7 percent of total businesses throughout the Bank's entire assessment area.

DISCUSSION WITH RESPECT TO PERFORMANCE CRITERIA IN THE BARNSTABLE TOWN, MA MSA #12700

LENDING TEST

Home Mortgage Lending

Of all home mortgage loans Eastern Bank extended inside the assessment area in 2012, 113 loans totaling \$25.0 million were within this MSA. These figures represent 5.0 percent by number and 5.1 percent by dollar volume of total home mortgage lending activity within the entire assessment area. This level of lending is higher than the percentage of assessment area census tracts (4.0 percent) and the percentage of population (3.7 percent) represented within this MSA. The home mortgage lending for 2013 was 178 and partial year 2014 was 80 loans. Lending in the MSA reflects adequate responsiveness given the Bank's branch presence.

The geographic distribution of loans, by number, in 2012 reports no home mortgage loans made in the single low-income census tract, but aggregate lending was limited too with only 0.5 percent of all home mortgage loans originated in the single low-income census tract. Additionally, the percentage of owner-occupied housing units is only 0.4 percent in the low-income census tract. The Bank was also below aggregate lending in the five moderate-income census tracts at 3.5 percent compared to aggregate at 7.6 percent and below the percentage of owner-occupied housing units (7.9 percent) in originating home mortgage loans in the MSA. The Bank's 2013 lending activity improved, with two loans originated in the low-income census tract equating to 1.1 percent of all the Bank's home mortgage loans and nine originations in the moderate-income census tracts representing 5.1 percent of the lending activity. The YTD 2014 data reflects an upward trend, as 1.3 percent and 7.5 percent of the home mortgage loans were originated in the low- and moderate-income census tracts, respectively.

The Bank exceeded the aggregate in 2012 to both low- and moderate-income borrowers in the Barnstable Town MSA. The Bank reported 4.4 percent of its home mortgage loans to low-income borrowers and 17.7 percent to moderate-income borrowers compared to aggregate at 4.3 percent and 14.8 percent respectively. The 2013 and partial year 2014 data also revealed that the Bank is actively lending to low- and moderate-income borrowers.

Small Business Lending

The Bank made 68 small business loans totaling \$8.2 million within this MSA portion of the assessment area in 2012, representing 4.4 percent of total loans made throughout the entire assessment area. This level of lending is in-line with the percentage of businesses represented within this MSA at 4.7 percent. The lending activity, by number, improved in 2013 with 96 small business originations, while partial year 2014 revealed 48 loans. YTD 2014 lending activity is in-line with the 2013 results.

Eastern Bank originated seven loans in the single low-income census tract equating to 10.3 percent, which is slightly better than the aggregate percentage. The Bank's lending is also in-line with the percentage of businesses in the low-income census tract (10.4 percent). The Bank only originated one small business in the five moderate-income census tracts, at 1.5 percent. The Bank was also below the aggregate percentage of business in the moderate-income tracts.

The 2013 and partial year 2014 data reflects similar results compared to 2012. In 2013, the Bank originated five small business loans in the low-income census tract, but there were no originations in

the moderate-income tracts. Through June 2014, the Bank originated two loans each in the low- and moderate-income census tracts.

The majority of the Bank's small business loans (77.9 percent) were in amounts less than \$100,000, suggesting that the Bank is attempting to meet the credit needs of this MSA's smallest businesses.

Indirect Automobile Lending

The Bank extended 292 indirect automobile loans totaling \$7.1 million during the evaluation period, originating 142 in 2012; 100 in 2013; and 50 through June 2014 in the Barnstable Town MSA. This represents 1.3 percent of all the indirect automobile loans during the entire evaluation period. The number of loans made within low- and moderate-income census tract for the entire evaluation period represents 4.4 percent and 6.5 percent, respectively. This record of lending does not compare favorably against the percentage of area households in the census tract categories; however, because total indirect automobile lending volume is low, at 1.3 percent, in this area, it has a nominal impact on the Bank's overall performance. The Bank's performance of making indirect automobile loans to low- and moderate-income borrowers is slightly higher at 11.0 percent and 25.3 percent, respectively.

Community Development Lending

The Bank originated seven community development loans totaling \$3.5 million within this MSA portion of the entire assessment area during the evaluation period. As the MSA represents only 3.7 percent of total assessment area population, and contains only a small number of the designated assessment area's low- and moderate-income census tracts (one and five, respectively), this distribution is adequate.

Please refer to the overall Community Development Lending section for additional information.

Innovative or Flexible Lending Products

The Bank's innovative and flexible loan programs are available consistently throughout all MSAs that are part of the overall designated assessment area.

Please refer to the overall Innovative or Flexible Lending Products section for additional information.

INVESTMENT TEST

The level of qualified investments and donations represents an adequate responsiveness within this portion of the assessment area. The equity investments benefitted a broader regional area that included the MSA. During the evaluation period, \$236,516, or 2.3 percent, of the Bank's qualified donations directly benefitted this MSA.

Please refer to the overall Investment Test section for additional information.

SERVICE TEST

The Bank's service delivery system is readily accessible to essentially all portions of the area. Of the Bank's full-service branches, 7, or 7.4 percent, are located in this MSA. One of these branches is located in a moderate-income census tract.

The Bank closed one branch in this MSA during the evaluation period. This branch was located at 519 Station Avenue in South Yarmouth. It was closed on January 1, 2012 and was located in a middle-income census tract.

The Bank opened two new branches in this MSA during the evaluation period. A branch at 1560 Old Post Road in Marston Mills was opened on September 30, 2013; located in a moderate-income census tract. A branch was also opened at 337 Cotuit Road in Sandwich on November 30, 2012; located in an upper-income census tract.

All of the Bank's alternative delivery systems, business banking services, and other banking services previously discussed are available within this MSA. The Bank's services and business hours do not vary in a way that inconveniences certain portions of this area, particularly to low- and moderate-income geographies or individuals.

The Bank and its employees provided an adequate level of community development services within this area. Employees participated in a total of 16 services activities within this MSA during the evaluation period. Some of these included involvement with the Housing Assistance Corporation in Hyannis, MA; participation as a Treasurer for the Habitat for Humanity of Buzzards Bay; and participation on the Board of Directors at Falmouth Housing Trust.

Please refer to the overall Service Test section for additional information.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE PROVIDENCE-NEW BEDFORD-FALL RIVER, RI-MA MSA #39300

Of Eastern Bank's 95 branch offices, 1 is located in this MSA portion of the designated assessment area. The branch is located in Taunton.

The assessment area portion of the MSA includes the 11 cities and towns of Acushnet, Berkley, Dighton, Easton, Fairhaven, Freetown, Mansfield, Norton, Raynham, Rehoboth, and Taunton; all in Bristol County, Massachusetts. The area contains 38 of the 125 Bristol County census tracts, of which 2 are low-income, 3 are moderate-income, 16 are middle-income, and 17 are upper-income. Table 28 shows pertinent demographics for this MSA.

Table 28 - Demographics for Providence-New Bedford-Fall River, RI-MA MSA						
	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	38	5.3	7.9	42.1	44.7	0.0
Population by Geography	194,735	4.6	6.6	40.2	48.6	0.0
Owner-Occupied Housing by Geography	54,034	2.0	5.1	42.4	43.8	0.0
Business by Geography	16,552	5.6	3.9	44.1	46.4	0.0
Farms by Geography	489	1.4	2.3	37.6	58.7	0.0
Family Distribution by Income Level	142,126	18.4	17.8	26.3	37.5	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	51,108	4.2	6.6	41.7	47.5	0.0
Median Family Income		\$70,496	Median Housing Value	\$340,217		
FFICE Adjusted Median Family Income for 2012		\$75,600	Unemployment Rate *	11.1%		
Families Below Poverty Level		4.7%				

Source: 2010 US Census and 2012 FFIEC updated MFI; * Source: Bureau of Labor Statistics for December 2013

Total population of the 11 cities and towns is 194,735; the majority reside within upper-income census tracts (44.7 percent). Population within this area represents only 4.7 percent of total assessment area population. There are 71,179 total households in the area, of which 18.5 percent are low-income, 12.4 percent are moderate-income, 16.5 percent are middle-income, and 52.6 percent are upper-income households. Of the 71,179 households in the area, 51,108 are families. Furthermore, of the 54,034 owner-occupied housing units 43.8 percent are located in upper-income geographies and 42.4 percent are located in middle-income geographies; whereas, 5.1 percent are located in moderate-income geographies and only 2.0 percent are in low-income geographies. There are 16,552 businesses in the assessment area and a vast majority, (90.5 percent) are located within middle- and upper-income geographies.

DISCUSSION WITH RESPECT TO PERFORMANCE CRITERIA IN THE PROVIDENCE-NEW BEDFORD- FALL RIVER, RI-MA MSA #39300

LENDING TEST

Home Mortgage Lending

Eastern Bank made 39 loans totaling \$9.2 million in this MSA portion of the assessment area in 2012. These figures represent only 1.7 percent by number and 1.9 percent by dollar volume of all home mortgage loans the Bank made in the entire assessment area. This level of lending is below the percentage of population and census tracts (4.1 percent) represented within this MSA portion of the designated assessment area. In 2013, the Bank originated 31 home mortgage loans and for partial year 2014 the Bank originated 25 loans. Overall, the Bank displayed adequate responsiveness in the MSA.

The geographic distribution analysis for this area is limited due to the low volume of lending activity. However, the Bank's percentage of loans (3 for 7.7 percent) in low-income census tracts in 2012 exceeded the aggregate (1.3 percent) percentage. The Bank did not originate a loan in the moderate-income census tracts in 2012. In 2013 the Bank originated one loan in a low-income census tract and two loans in the moderate-income census tracts. For the partial year 2014 the Bank has no low-income census tract activity and three originations in the moderate-income census tracts. As stated previously there are limited owner-occupied housing units in the low- and moderate-income geographies.

In 2012, the Bank extended one, or 2.6 percent, home mortgage loan to a low-income borrower and its percentage is less than the percentage of low-income families in the area, and only slightly below the aggregate percentage of 3.5 percent. Also in 2012 the Bank originated five loans, or 12.8 percent, to moderate-income borrowers, which is slightly below the aggregate at 13.8 percent. The Bank's 2013 performance improved in lending to low-income borrowers with three loans representing 9.7 percent and was consistent to moderate-income borrowers with four originations equating to 12.9 percent. The 2014 partial year lending activity reflects no low-income borrower originations and three originations to moderate-income borrowers. Overall, the lending activity for the evaluation period has been limited, but consistent.

Small Business Lending

The Bank originated 41, 44, and 26 small business loans in 2012, 2013, and partial year 2014, respectively; totaling \$24.3 million for the evaluation period. Of the total small business loans originated (111) two were originated in low-income census tracts (1.8 percent) and three were originated in moderate-income census tracts (2.7 percent). The 2012 distribution of small business

loans in the low- and moderate-income area's is slightly below, but comparable to aggregate lending activity of 3.8 percent in low-income census tracts and 3.3 percent in moderate-income census tracts. The majority of Eastern Bank's small business loans (56.8 percent) were in amounts less than \$100,000, suggesting that the Bank is attempting to meet the credit needs of the area's smallest businesses.

Indirect Automobile Lending

The Bank extended 522 indirect automobile loans totaling \$12.1 million during the full evaluation period, originating 158 in 2012; 216 in 2013; and 148 through June 2014 in the Barnstable Town MSA. This represents 2.3 percent of all the automobile lending during the entire evaluation period. The number of loans made within low-income census tract for the entire evaluation period represents 1.9 percent, and 4.2 percent of indirect automobile loans were extended in moderate-income census tracts. This record of lending does not compare favorably against the percentage of area households in the census tract categories; however, because total indirect automobile lending volume is low at 2.3 percent in this area, it has a nominal impact on the Bank's overall performance. Additionally, the Bank's performance of making indirect automobile loans to low- and moderate-income borrowers is slightly higher at 10.5 percent and 20.1 percent, respectively.

Community Development Lending

Although no community development loans were of direct benefit to this MSA, loans were extended to organizations headquartered in other MSAs that have a broader geographic focus that includes the 11 cities and towns in this MSA portion of the Bank's assessment area. As this MSA represents only 4.7 percent of total assessment area population, and contains only a small number of the designated assessment area's low- and moderate-income census tracts (two each respectively), this distribution is reasonable.

Please refer to the overall Community Development Lending section for additional information.

Innovative or Flexible Lending Products

The Bank makes use of innovative and flexible loan programs are available consistently throughout all MSA areas that are part of the Bank's designated assessment area.

Please refer to the overall Innovative or Flexible Lending Products section for additional information.

INVESTMENT TEST

The qualified investments and donations represent an adequate level of responsiveness within this MSA portion of the assessment area. Equity investments benefit a broader area that includes this MSA. During the evaluation period, only \$26,107, or 0.3 percent, of the Bank's qualified donations directly benefitted the MSA. Although this donation total represents a small percentage of the Bank's total donations, it is consistent with the Bank's overall presence in this MSA. As previously mentioned the Bank operates only one branch in this MSA and does not maintain a large presence. In addition, the Bank made many donations to large charitable organizations which, although not located directly in this MSA, provide broad statewide services that would indirectly benefit this MSA.

Please refer to the overall Investment Test section for additional information.

SERVICE TEST

The Bank's service delivery system is accessible to essentially all portions of the area. The Bank maintains one branch in this MSA; located at 742 County Street in Taunton. The Bank did not close or open any new branches in this MSA during the evaluation period.

All of the Bank's alternative delivery systems, business banking services, and other banking services previously discussed are available within this MSA. The Bank's services and business hours do not vary in a way that inconveniences certain portions of this area, particularly to low- and moderate-income geographies or individuals.

The Bank and its employees provided an adequate level of community development services within this area. Employees participated in a total of nine services activities within this MSA during the evaluation period.

Please refer to the overall Service Test for additional information

APPENDIX A
Fair Lending Policies and Practices

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

FAIR LENDING REVIEW

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

The Bank provides all employees involved in the loan process with adequate fair lending training. This training includes the technical aspects and all issues regarding fair lending.

The Bank's Compliance and Operational Risk Department performs an annual risk review of marketing programs, promotional materials, existing loan products, underwriting practices and commission programs to ensure that they do not contain components that could lead to overt or inadvertent discrimination behaviors. The review applies to home mortgage lending, consumer lending, indirect auto lending and small business lending.

Consumer Complaints are reviewed periodically to detect if any occurred as a result of overt or inadvertent discrimination.

A second review process is conducted on all denied residential, small business and consumer loan applications.

No violations of the substantive provisions of the Equal Credit Opportunity Act or related laws and regulations were identified during the examination.

MINORITY APPLICATION FLOW

The Bank's 2012 residential lending was compared to the 2012 aggregate. This comparison assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to the following table for information on the Bank's minority application flow as well as a comparison to the aggregate lenders throughout the Bank's assessment area.

Minority Application Flow					
RACE	Bank 2012		2012 Aggregate Data	Bank 2013	
	#	%	%	#	%
American Indian/ Alaska Native	9	0.3	0.1	11	0.3
Asian	144	4.2	5.6	155	4.0
Black or African American	94	2.7	2.0	151	3.9
Hawaiian/Pacific Islander	7	0.2	0.1	15	0.4
2 or more Minority Races	0	0.0	0	2	0.1
Joint Race (White/Minority)	62	1.8	1.2	63	1.6
Total Minority	316	9.2	9.0	397	10.3
White	2,913	84.3	67.1	3,192	83.0
Race Not Available	224	6.5	23.9	257	6.7
Total	3,453	100.0	100.0	3,846	100.0
ETHNICITY					
Hispanic or Latino	83	2.4	2.1	145	3.8
Not Hispanic or Latino	3,102	89.8	73.3	3,402	88.5
Joint (Hisp/Lat /Not Hisp/Lat)	47	1.4	0.8	46	1.2
Ethnicity Not Available	221	6.4	23.8	253	6.6
Total	3,453	100.0	100.0	3,846	100.0

Source: 2012 and 2013 HMDA LAR & 2012 HMDA Aggregate Data

The Bank's performance in 2012 is higher than the aggregate's level of racial and ethnic minority home mortgage applications; the Bank received 13.0 percent of its applications from both racial and ethnic minorities, while the aggregate received 11.9 percent from the same minority groups.

According to the 2010 U.S. Census, the assessment area contained a total population of 4,171,683 individuals of which 26.7 percent are minorities. The assessment area's minority and ethnic population is 6.7 percent Asian; 9.6 percent Hispanic or Latino; 7.2 percent Black/African American; 3.1 percent "other"; and 0.1 percent American Indian.

In 2012, the Bank received a total of 3,453 HMDA reportable loan applications within the assessment area. Of the 446 applications received from racial and ethnic minority applicants, 267 or 60 percent resulted in originations. The bank's performance is slightly lower than the aggregate origination percentage. The total applications received from the aggregate totaled 351,062, of which 41,971 or 11.9 were received by racial and ethnic minority applicants. Of this number, 29,535 or 70.0 percent result in originations.

In 2013, the Bank demonstrates an increase in applications received from both racial and ethnic minorities. Overall, the Bank's minority application flow is adequate.

APPENDIX B

SCOPE OF EXAMINATION

Eastern Bank			
SCOPE OF EXAMINATION: Large Bank CRA, including Lending, Investment, and Service Tests.			
TIME PERIOD REVIEWED: June 20, 2011 to September 15, 2014			
PRODUCTS REVIEWED: CRA small business, home mortgage, and indirect automobile loans (2012, 2013, and through June 30, 2014). Community development loans; innovative or flexible lending practices; and qualified services reviewed from June 20, 2011 to September 15, 2014. Qualified investments were reviewed from June 20, 2011 through September 15, 2014.			
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA:	TYPE OF EXAMINATION:	BRANCHES VISITED:	OTHER INFORMATION:
One contiguous made-up of portions of the Boston-Cambridge-Quincy MA-NH CBSA involving three Metropolitan Divisions (MDs): the Boston-Quincy, MA MD; the Cambridge-Newton-Framingham, MA MD; and the Peabody, MA MD. The overall assessment area also includes the Barnstable Town MSA and Bristol Providence MSA.	Full Scope	None	None
Portions of the following three Boston-Cambridge-Quincy MA-NH CBSA involving three Metropolitan Divisions (MDs): the Boston-Quincy, MA MD; the Cambridge-Newton-Framingham, MA MD; and the Peabody, MA MD.	Full Scope	None	None
Barnstable Town MSA 12700	Limited Scope	None	None
Providence-New Bedford-Fall River, RI-MA MSA 39300	Limited Scope	None	None

APPENDIX C GENERAL DEFINITIONS

GEOGRAPHY TERMS

Block: Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts and are assigned a unique three-digit number.

Block Group: Clusters of blocks within a census tract, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract in which it is located.

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Metropolitan Statistical Area (MSA/MD): The Metropolitan Statistical Areas have at least one urbanized area of 50,000 or more population. There are 11 instances (Boston, Chicago, Dallas, Detroit, Los Angeles, Miami, New York, Philadelphia, San Francisco, Seattle, and Washington) where a Metropolitan Statistical Area containing a single core with a population of 2,500,000 or more has been subdivided to form smaller groupings of counties referred to as **Metropolitan Divisions** (One or more large population centers and adjacent communities that have a high degree of economic and social integration.) Each MD must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MD comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MDs are composed of cities and towns rather than whole counties.

Combined Statistical Area (CSA): The larger area, of which MSAs are component parts.

Consolidated Metropolitan Statistical Area (CMSA): The larger area, of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

Rural Area: Territories, populations and housing units that are not classified as urban.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1,000,000 or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

APPENDIX D

INVESTMENT DEFINITIONS

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, microenterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing Board of Directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Low Income Housing Tax Credits: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

Qualified Investments: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.

APPENDIX E

STANDARD PE LANGUAGE

LENDING TEST

Scope of Test

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Community Development Lending:

Performance Criteria

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

Innovative and Flexible Lending Practices:

Performance Criteria

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

INVESTMENT TEST

Scope of Test

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

SERVICE TEST

Scope of Test

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 265 Franklin Street, Boston, Massachusetts 02110."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.